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HOUSE BILL No. 1004

DIGEST OF HB 1004 (Updated January 7, 2010 2:52 pm - DI 52)

Citations Affected: IC 6-1.1; IC 8-22; IC 36-7; noncode.

Synopsis: Property taxes. Requires trending adjustments to real property assessments every two years instead of annually. In making the annual calculation of the base rate for the assessment of agricultural land, requires the department of local government finance to use an adjusted six year average that eliminates the highest and lowest values determined for the six year period. Applies a property tax credit to limit property tax liability on real property based on the change in the annual average Consumer Price Index (CPI). Requires the budget agency to determine and give notice of the CPI factor. Excepts from eligibility for the credit taxes based on certain changes relating to the real property, taxes imposed after being approved by the voters in a referendum or local public question, taxes payable in the first year after certain transfers of title, taxes that result from the correction of an error, and taxes attributable to the elimination of or a reduction in the amount of a tax abatement deduction. Specifies how the credit applies if parcels are combined. Allows an appeal to the distressed unit appeal board by certain political subdivisions affected by the credit. Specifies the relief that board may authorize.

Effective: January 1, 2010 (retroactive); July 1, 2010.

Grubb, Pearson, Steuerwald, Espich

November 17, 2009, read first time and referred to Committee on Ways and Means. January 5, 2010, amended, reported — Do Pass. January 7, 2010, read second time, amended, ordered engrossed.



Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in this style type. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in this style type or this style type reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

HOUSE BILL No. 1004

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

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SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.136-2009
SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JANUARY 1, 2010 (RETROACTIVE)]: Sec. 4.5. (a) The department
of local government finance shall adopt rules establishing a system for:

- (1) annually adjusting the assessed value of real property for assessment dates that precede 2012; and
- (2) adjusting the assessed value of real property for:
 - (A) the assessment date in 2014; and
- (B) the assessment date in every second year after 2014; to account for changes in value in those years since a general reassessment of property last took effect.
- (b) Subject to subsection (e), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not in the years designated in subsection (a) other than a year in which a reassessment becomes effective.
- (c) The rules adopted under subsection (a) must include the following characteristics in the system:

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1	(1) Promote uniform and equal assessment of real property within
2	and across classifications.
3	(2) Require that assessing officials:
4	(A) reevaluate the factors that affect value;
5	(B) express the interactions of those factors mathematically;
6	(C) use mass appraisal techniques to estimate updated property
7	values within statistical measures of accuracy; and
8	(D) provide notice to taxpayers of an assessment increase that
9	results from the application of annual adjustments.
10	(3) Prescribe procedures that permit the application of the
11	adjustment percentages in an efficient manner by assessing
12	officials.
13	(d) The department of local government finance must review and
14	certify each annual adjustment determined under this section.
15	(e) In making the annual determination of the base rate to satisfy the
16	requirement for an annual adjustment under subsection (a) for
17	property taxes first due and payable after 2010, the department of
18	local government finance shall determine the base rate using the
19	methodology reflected in Table 2-18 of Book 1, Chapter 2 of the
20	department of local government finance's Real Property Assessment
21	Guidelines (as in effect on January 1, 2005), except that the department
22	shall adjust the methodology to:
23	(1) use a six (6) year rolling average adjusted under subdivision
24	(2) instead of a four (4) year rolling average; and
25	(2) eliminate in the calculation of the rolling average:
26	(A) the year among the six (6) years for which the highest
27	market value in use of agricultural land is determined; and
28	(B) the year among the six (6) years for which the lowest
29	market value in use of agricultural land is determined.
30	(f) For assessment dates after December 31, 2009, an adjustment in
31	the assessed value of real property under this section shall be based on
32	the estimated true tax value of the property on the assessment date that
33	is the basis for taxes payable on that real property.
34	SECTION 2. IC 6-1.1-4-4.6, AS ADDED BY P.L.182-2009(ss),
35	SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36	JULY 1, 2010]: Sec. 4.6. (a) If a county assessor fails before July 2 of
37	a particular year for which an adjustment to the assessed value of
38	real property applies under section 4.5 of this chapter to prepare
39	and deliver to the county auditor a complete detailed list of all of the
40	real property listed for taxation in the county as required by

IC 6-1.1-5-14 and at least one hundred eighty (180) days have elapsed after the July 1 deadline specified in IC 6-1.1-5-14 for delivering the



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1	list, the department of local government finance may develop annual
2	adjustment factors under this section for that year. In developing annual
3	adjustment factors under this section, the department of local
4	government finance shall use data in its possession that is obtained
5	from:
6	(1) the county assessor; or
7	(2) any of the sources listed in the rule, including county or state
8	sales data, government studies, ratio studies, cost and depreciation
9	tables, and other market analyses.
10	(b) Using the data described in subsection (a), the department of
11	local government finance shall propose to establish annual adjustment
12	factors for the affected tax districts for one (1) or more of the classes
13	of real property. The proposal may provide for the equalization of
14	annual adjustment factors in the affected township or county and in
15	adjacent areas. The department of local government finance shall issue
16	notice and provide opportunity for hearing in accordance with
17	IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing final
18	annual adjustment factors.
19	(c) The annual adjustment factors finally determined by the
20	department of local government finance after the hearing required
21	under subsection (b) apply to the annual adjustment of real property
22	under section 4.5 of this chapter for:
23	(1) the assessment date; and
24	(2) the real property;
25	specified in the final determination of the department of local
26	government finance.
27	SECTION 3. IC 6-1.1-4-16, AS AMENDED BY P.L.146-2008,
28	SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29	JULY 1, 2010]: Sec. 16. (a) For purposes of making a general
30	reassessment of real property or annual adjustments under section 4.5
31	of this chapter, a township assessor (if any) and a county assessor may
32	employ:
33	(1) deputies;
34	(2) employees; and
35	(3) technical advisors who are:
36	(A) qualified to determine real property values;
37	(B) professional appraisers certified under 50 IAC 15; and
38	(C) employed either on a full-time or a part-time basis, subject
39	to sections 18.5 and 19.5 of this chapter.
40	(b) The county council of each county shall appropriate the funds

necessary for the employment of deputies, employees, or technical

advisors employed under subsection (a) of this section.



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SECTION 4. IC 6-1.1-4-27.5, AS AMENDED BY	
2 SECTION 78, IS AMENDED TO READ AS FOLLOWS	-
3 JULY 1, 2010]: Sec. 27.5. (a) The auditor of each county	
a property reassessment fund. The county treasurer s	•
5 collections resulting from the property taxes that the co	ounty levies for
6 the county's property reassessment fund.	
7 (b) With respect to the general reassessment of real	
8 to commence on July 1, 2009, the county council of each	
9 for property taxes due in 2006, 2007, 2008, and 2009, le	•
against all the taxable property in the county an ar	nount equal to
one-fourth (1/4) of the remainder of:	
12 (1) the estimated costs referred to in section	28.5(a) of this
chapter; minus	
14 (2) the amount levied under this section by the cou	anty council for
property taxes due in 2004 and 2005.	
16 (c) With respect to a general reassessment of real pr	operty that is to
commence on July 1, 2014, and each fifth year thereas	fter, the county
council of each county shall, for property taxes due in t	he year that the
general reassessment is to commence and the four (4) y	years preceding
20 that year, levy against all the taxable property in the co	unty an amount
equal to one-fifth (1/5) of the estimated costs of	of the general
reassessment under section 28.5 of this chapter.	
23 (d) The department of local government finance sh	all give to each
county council notice, before January 1 in a year, or	f the tax levies
required by this section for that year.	
26 (e) The department of local government finance ma	y raise or lower
27 the property tax levy under this section for a year if	the department
determines it is appropriate because the estimated cos	t of:
29 (1) a general reassessment; or	
30 (2) making annual adjustments under section 4.5	of this chapter;
31 has changed.	
32 (f) The county assessor may petition the county	fiscal body to
increase the levy under subsection (b) or (c) to pay for	the costs of:
34 (1) a general reassessment;	
35 (2) verification under 50 IAC 21-3-2 of sales di	sclosure forms
forwarded to the county assessor under IC 6-1.1-	
37 (3) processing annual adjustments under secti	
38 chapter.	
The assessor must document the needs and reasons for	
	or the increased
40 funding.	or the increased

the county assessor may appeal to the department of local government



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1	finance. The department of local government finance shall:	
2	(1) hear the appeal; and	
3	(2) determine whether the additional levy is necessary.	
4	SECTION 5. IC 6-1.1-4-28.5, AS AMENDED BY P.L.146-2008,	
5	SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	
6	JULY 1, 2010]: Sec. 28.5. (a) Money assigned to a property	
7	reassessment fund under section 27.5 of this chapter may be used only	
8	to pay the costs of:	
9	(1) the general reassessment of real property, including the	
10	computerization of assessment records;	
11	(2) payments to assessing officials and hearing officers for county	
12	property tax assessment boards of appeals under IC 6-1.1-35.2;	
13	(3) the development or updating of detailed soil survey data by	
14	the United States Department of Agriculture or its successor	
15	agency;	_
16	(4) the updating of plat books;	
17	(5) payments for the salary of permanent staff or for the	
18	contractual services of temporary staff who are necessary to assist	
19	assessing officials;	
20	(6) making annual adjustments under section 4.5 of this chapter;	
21	and	
22	(7) the verification under 50 IAC 21-3-2 of sales disclosure forms	
23	forwarded to:	
24	(A) the county assessor; or	_
25	(B) township assessors (if any);	
26	under IC 6-1.1-5.5-3.	
27	Money in a property tax reassessment fund may not be transferred or	
28	reassigned to any other fund and may not be used for any purposes	T T
29	other than those set forth in this section.	
30	(b) All counties shall use modern, detailed soil maps in the general	
31	reassessment of agricultural land.	
32	(c) The county treasurer of each county shall, in accordance with	
33	IC 5-13-9, invest any money accumulated in the property reassessment	
34	fund. Any interest received from investment of the money shall be paid	
35	into the property reassessment fund.	
36	(d) An appropriation under this section must be approved by the	
37	fiscal body of the county after the review and recommendation of the	
38	county assessor. However, in a county with a township assessor in	
39	every township, the county assessor does not review an appropriation	
40	under this section, and only the fiscal body must approve an	
41	appropriation under this section.	
42	SECTION 6. IC 6-1.1-12.4-2, AS AMENDED BY P.L.146-2008,	



1	SECTION 130, IS AMENDED TO READ AS FOLLOWS	
2	[EFFECTIVE JULY 1, 2010]: Sec. 2. (a) For purposes of this section,	
3	an increase in the assessed value of real property is determined in the	
4	same manner that an increase in the assessed value of real property is	
5	determined for purposes of IC 6-1.1-12.1.	
6	(b) This subsection applies only to a development, redevelopment,	
7	or rehabilitation that is first assessed after March 1, 2005, and before	
8	March 2, 2007. Except as provided in subsection (h) and sections 4, 5,	
9	and 8 of this chapter, an owner of real property that:	
10	(1) develops, redevelops, or rehabilitates the real property; and	
11	(2) creates or retains employment from the development,	
12	redevelopment, or rehabilitation;	
13	is entitled to a deduction from the assessed value of the real property.	
14	(c) Subject to section 14 of this chapter, the deduction under this	
15	section is first available in the year in which the increase in assessed	
16	value resulting from the development, redevelopment, or rehabilitation	
17	occurs and continues for the following two (2) years. The amount of the	,
18	deduction that a property owner may receive with respect to real	
19	property located in a county for a particular year equals the lesser of:	
20	(1) two million dollars (\$2,000,000); or	
21	(2) the product of:	
22	(A) the increase in assessed value resulting from the	
23	development, rehabilitation, or redevelopment; multiplied by	
24	(B) the percentage from the following table:	
25	YEAR OF DEDUCTION PERCENTAGE	
26	1st 75%	_
27	2nd 50%	,
28	3rd 25%	
29	(d) A property owner that qualifies for the deduction under this	١
30	section must file a notice to claim the deduction in the manner	
31	prescribed by the department of local government finance under rules	
32	adopted by the department of local government finance under	
33	IC 4-22-2 to implement this chapter. The township assessor, or the	
34	county assessor if there is no township assessor for the township, shall:	
35	(1) inform the county auditor of the real property eligible for the	
36	deduction as contained in the notice filed by the taxpayer under	
37	this subsection; and	
38	(2) inform the county auditor of the deduction amount.	
39	(e) The county auditor shall:	
40	(1) make the deductions; and	
41	(2) notify the county property tax assessment board of appeals of	
42	all deductions approved;	



1	under this section.
2	(f) The amount of the deduction determined under subsection (c)(2)
3	is adjusted to reflect the percentage increase or decrease in assessed
4	valuation that results from:
5	(1) a general reassessment of real property under IC 6-1.1-4-4; or
6	(2) an annual adjustment under IC 6-1.1-4-4.5.
7	(g) If an appeal of an assessment is approved that results in a
8	reduction of the assessed value of the real property, the amount of the
9	deduction under this section is adjusted to reflect the percentage
10	decrease that results from the appeal.
11	(h) The deduction under this section does not apply to a facility
12	listed in IC 6-1.1-12.1-3(e).
13	SECTION 7. IC 6-1.1-18-12, AS AMENDED BY P.L.146-2008,
14	SECTION 168, IS AMENDED TO READ AS FOLLOWS
15	[EFFECTIVE JULY 1, 2010]: Sec. 12. (a) For purposes of this section,
16	"maximum rate" refers to the maximum:
17	(1) property tax rate or rates; or
18	(2) special benefits tax rate or rates;
19	referred to in the statutes listed in subsection (d).
20	(b) The maximum rate for taxes first due and payable after 2003 is
21	the maximum rate that would have been determined under subsection
22	(e) for taxes first due and payable in 2003 if subsection (e) had applied
23	for taxes first due and payable in 2003.
24	(c) The maximum rate must be adjusted each year to account for the
25	change in assessed value of real property that results from:
26	(1) an annual adjustment of the assessed value of real property
27	under IC 6-1.1-4-4.5; or
28	(2) a general reassessment of real property under IC 6-1.1-4-4.
29	(d) The statutes to which subsection (a) refers are:
30	(1) IC 8-10-5-17;
31	(2) IC 8-22-3-11;
32	(3) IC 8-22-3-25;
33	(4) IC 12-29-1-1;
34	(5) IC 12-29-1-2;
35	(6) IC 12-29-1-3;
36	(7) IC 12-29-3-6;
37	(8) IC 13-21-3-12;
38	(9) IC 13-21-3-15;
39	(10) IC 14-27-6-30;
40	(11) IC 14-33-7-3;
41	(12) IC 14-33-21-5;
12	(13) IC 15-14-7-4;



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              (14) IC 15-14-9-1;
 2
              (15) IC 15-14-9-2;
 3
              (16) IC 16-20-2-18;
 4
              (17) IC 16-20-4-27;
 5
              (18) IC 16-20-7-2;
              (19) IC 16-22-14;
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 7
              (20) IC 16-23-1-29;
 8
              (21) IC 16-23-3-6;
 9
              (22) IC 16-23-4-2;
10
              (23) IC 16-23-5-6;
              (24) IC 16-23-7-2;
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12
              (25) IC 16-23-8-2;
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              (26) IC 16-23-9-2;
14
              (27) IC 16-41-15-5;
15
              (28) IC 16-41-33-4;
              (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
16
17
              (30) IC 20-46-6-5;
18
              (31) IC 20-49-2-10;
              (32) IC 36-1-19-1;
19
20
              (33) IC 23-14-66-2;
21
              (34) IC 23-14-67-3;
22
              (35) IC 36-7-13-4;
23
              (36) IC 36-7-14-28;
24
              (37) IC 36-7-15.1-16;
25
              (38) IC 36-8-19-8.5;
26
              (39) IC 36-9-6.1-2;
27
              (40) IC 36-9-17.5-4;
28
              (41) IC 36-9-27-73;
29
              (42) IC 36-9-29-31;
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              (43) IC 36-9-29.1-15;
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              (44) IC 36-10-6-2;
32
              (45) IC 36-10-7-7;
33
              (46) IC 36-10-7-8;
34
              (47) IC 36-10-7.5-19;
35
              (48) IC 36-10-13-5;
              (49) IC 36-10-13-7;
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37
              (50) IC 36-10-14-4;
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              (51) IC 36-12-7-7;
39
              (52) IC 36-12-7-8;
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              (53) IC 36-12-12-10; and
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              (54) any statute enacted after December 31, 2003, that:
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                 (A) establishes a maximum rate for any part of the:
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1	(i) property taxes; or	
2	(ii) special benefits taxes;	
3	imposed by a political subdivision; and	
4	(B) does not exempt the maximum rate from the adjustment	
5	under this section.	
6	(e) The new maximum rate under a statute listed in subsection (d)	
7	is the tax rate determined under STEP SEVEN of the following STEPS:	
8	STEP ONE: Determine the maximum rate for the political	
9	subdivision levying a property tax or special benefits tax under	
10	the statute for the year preceding the year in which the annual	
11	adjustment or general reassessment takes effect.	
12	STEP TWO: Determine the actual percentage increase (rounded	
13	to the nearest one-hundredth percent (0.01%)) in the assessed	
14	value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the	
15	taxable property from the year preceding the year the annual	
16	adjustment or general reassessment takes effect to the year that	
17	the annual adjustment or general reassessment takes effect.	
18	STEP THREE: Determine the three (3) calendar years that	
19	immediately precede the ensuing calendar year and in which a	
20	statewide general reassessment of real property does not first take	
21	effect.	
22	STEP FOUR: Compute separately, for each of the calendar years	
23	determined in STEP THREE, the actual percentage increase	
24	(rounded to the nearest one-hundredth percent (0.01%)) in the	
25	assessed value (before the adjustment, if any, under	
26	IC 6-1.1-4-4.5) of the taxable property from the preceding year.	
27	STEP FIVE: Divide the sum of the three (3) quotients computed	
28	in STEP FOUR by three (3).	
29	STEP SIX: Determine the greater of the following:	
30	(A) Zero (0).	
31	(B) The result of the STEP TWO percentage minus the STEP	
32	FIVE percentage.	
33	STEP SEVEN: Determine the quotient of the STEP ONE tax rate	
34	divided by the sum of one (1) plus the STEP SIX percentage	
35	increase.	
36	(f) The department of local government finance shall compute the	
37	maximum rate allowed under subsection (e) and provide the rate to	
38	each political subdivision with authority to levy a tax under a statute	
39	listed in subsection (d).	
40	SECTION 8. IC 6-1.1-18-13, AS AMENDED BY P.L.219-2007,	
41	SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	
12	IIII V 1 2010]: Sac 12 (a) The maximum property tax rate levied	



1	under IC 20-46-6 by each school corporation for the school	
2	corporation's capital projects fund must be adjusted each year to	
3	account for the change in assessed value of real property that results	
4	from:	
5	(1) an annual adjustment of the assessed value of real property	
6	under IC 6-1.1-4-4.5; or	
7	(2) a general reassessment of real property under IC 6-1.1-4-4.	
8	(b) The new maximum rate under this section is the tax rate	
9	determined under STEP SEVEN of the following formula:	
10	STEP ONE: Determine the maximum rate for the school	1
11	corporation for the year preceding the year in which the annual	
12	adjustment or general reassessment takes effect.	
13	STEP TWO: Determine the actual percentage increase (rounded	
14	to the nearest one-hundredth percent (0.01%)) in the assessed	
15	value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the	
16	taxable property from the year preceding the year the annual	4
17	adjustment or general reassessment takes effect to the year that	,
18	the annual adjustment or general reassessment is effective.	
19	STEP THREE: Determine the three (3) calendar years that	
20	immediately precede the ensuing calendar year and in which a	
21	statewide general reassessment of real property does not first	
22	become effective.	
23	STEP FOUR: Compute separately, for each of the calendar years	
24	determined in STEP THREE, the actual percentage increase	
25	(rounded to the nearest one-hundredth percent (0.01%)) in the	
26	assessed value (before the adjustment, if any, under	
27	IC 6-1.1-4-4.5) of the taxable property from the preceding year.	•
28	STEP FIVE: Divide the sum of the three (3) quotients computed	
29	in STEP FOUR by three (3).	1
30	STEP SIX: Determine the greater of the following:	
31	(A) Zero (0).	
32	(B) The result of the STEP TWO percentage minus the STEP	
33	FIVE percentage.	
34	STEP SEVEN: Determine the quotient of the STEP ONE tax rate	
35	divided by the sum of one (1) plus the STEP SIX percentage	
36	increase.	
37	(c) The department of local government finance shall compute the	
38	maximum rate allowed under subsection (b) and provide the rate to	
39	each school corporation.	
40	SECTION 9. IC 6-1.1-18.5-1, AS AMENDED BY P.L.154-2006,	
41	SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	

HB 1004—LS 6206/DI 52+

JULY 1, 2010]: Sec. 1. As used in this chapter:



1	"Ad valorem property tax levy for an ensuing calendar year" means	
2	the total property taxes imposed by a civil taxing unit for current	
3	property taxes collectible in that ensuing calendar year.	
4	"Adopting county" means any county in which the county adjusted	
5	gross income tax is in effect.	
6	"Civil taxing unit" means any taxing unit except a school	
7	corporation.	
8	"Maximum permissible ad valorem property tax levy for the	
9	preceding calendar year" means the greater of:	
10	(1) the remainder of:	1
11	(A) the civil taxing unit's maximum permissible ad valorem	1
12	property tax levy for the calendar year immediately preceding	
13	the ensuing calendar year, as that levy was determined under	
14	section 3 of this chapter; minus	
15	(B) one-half (1/2) of the remainder of:	
16	(i) the civil taxing unit's maximum permissible ad valorem	-
17	property tax levy referred to in clause (A); minus	•
18	(ii) the civil taxing unit's ad valorem property tax levy for	
19	the calendar year immediately preceding the ensuing	
20	calendar year referred to in subdivision (2); or	
21	(2) the civil taxing unit's ad valorem property tax levy for the	
22	calendar year immediately preceding the ensuing calendar year,	
23	as that levy was determined by the department of local	
24	government finance in fixing the civil taxing unit's budget, levy,	
25	and rate for that preceding calendar year under IC 6-1.1-17, and	
26	after eliminating the effects of temporary excessive levy appeals	_
27	and temporary adjustments made to the working maximum levy	
28	for the calendar year immediately preceding the ensuing calendar	
29	year, as determined by the department of local government	1
30	finance.	
31	"Taxable property" means all tangible property that is subject to the	
32	tax imposed by this article and is not exempt from the tax under	
33	IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this	
34	chapter, the term "taxable property" is further defined in section 6 of	
35	this chapter.	
36	"Unadjusted assessed value" means the assessed value of a civil	
37	taxing unit as determined by local assessing officials and the	
38	department of local government finance in a particular calendar year	

taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 10. IC 6-1.1-18.5-9.8, AS AMENDED BY P.L.219-2007,



1	SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	
2	JULY 1, 2010]: Sec. 9.8. (a) For purposes of determining the property	
3	tax levy limit imposed on a city, town, or county under section 3 of this	
4	chapter, the city, town, or county's ad valorem property tax levy for a	
5	particular calendar year does not include an amount equal to the lesser	
6	of:	
7	(1) the amount of ad valorem property taxes that would be first	
8	due and payable to the city, town, or county during the ensuing	
9	calendar year if the taxing unit imposed the maximum permissible	
10	property tax rate per one hundred dollars (\$100) of assessed	
11	valuation that the civil taxing unit may impose for the particular	
12	calendar year under the authority of IC 36-9-14.5 (in the case of	
13	a county) or IC 36-9-15.5 (in the case of a city or town); or	
14	(2) the excess, if any, of:	
15	(A) the property taxes imposed by the city, town, or county	
16	under the authority of:	
17	IC 3-11-6-9;	
18	IC 8-16-3;	
19	IC 8-16-3.1;	
20	IC 8-22-3-25;	
21	IC 14-27-6-48;	
22	IC 14-33-9-3;	
23	IC 16-22-8-41;	
24	IC 16-22-5-2 through IC 16-22-5-15;	_
25	IC 16-23-1-40;	
26	IC 36-8-14;	
27	IC 36-9-4-48;	
28	IC 36-9-14;	V
29	IC 36-9-14.5;	
30	IC 36-9-15;	
31	IC 36-9-15.5;	
32	IC 36-9-16;	
33	IC 36-9-16.5;	
34	IC 36-9-17;	
35	IC 36-9-26;	
36	IC 36-9-27-100;	
37	IC 36-10-3-21; or	
38	IC 36-10-4-36;	
39	that are first due and payable during the ensuing calendar year;	
40	over	
41	(B) the property taxes imposed by the city, town, or county	
12	under the authority of the citations listed in clause (A) that	





1	were first due and payable during calendar year 1984.
2	(b) The maximum property tax rate levied under the statutes listed
3	in subsection (a) must be adjusted each year to account for the change
4	in assessed value of real property that results from:
5	(1) an annual adjustment of the assessed value of real property
6	under IC 6-1.1-4-4.5; or
7	(2) a general reassessment of real property under IC 6-1.1-4-4.
8	(c) The new maximum rate under a statute listed in subsection (a)
9	is the tax rate determined under STEP SEVEN of the following
10	formula:
11	STEP ONE: Determine the maximum rate for the political
12	subdivision levying a property tax under the statute for the year
13	preceding the year in which the annual adjustment or general
14	reassessment takes effect.
15	STEP TWO: Determine the actual percentage increase (rounded
16	to the nearest one-hundredth percent (0.01%)) in the assessed
17	value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the
18	taxable property from the year preceding the year the annual
19	adjustment or general reassessment takes effect to the year that
20	the annual adjustment or general reassessment is effective.
21	STEP THREE: Determine the three (3) calendar years that
22	immediately precede the ensuing calendar year and in which a
23	statewide general reassessment of real property does not first
24	become effective.
25	STEP FOUR: Compute separately, for each of the calendar years
26	determined in STEP THREE, the actual percentage increase
27	(rounded to the nearest one-hundredth percent (0.01%)) in the
28	assessed value (before the adjustment, if any, under
29	IC 6-1.1-4-4.5) of the taxable property from the preceding year.
30	STEP FIVE: Divide the sum of the three (3) quotients computed
31	in STEP FOUR by three (3).
32	STEP SIX: Determine the greater of the following:
33	(A) Zero (0).
34	(B) The result of the STEP TWO percentage minus the STEP
35	FIVE percentage.
36	STEP SEVEN: Determine the quotient of the STEP ONE tax rate
37	divided by the sum of one (1) plus the STEP SIX percentage
38	increase.
39	(d) The department of local government finance shall compute the
40	maximum rate allowed under subsection (c) and provide the rate to
41	each political subdivision with authority to levy a tax under a statute
42	listed in subsection (a).



SECTION 11. IC 6-1.1-18.5-13, AS AMENDED BY P.L.182-2009(ss), SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

- (1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the following:
 - (A) The first calendar year in which those costs are incurred.
 - (B) One (1) or more of the immediately succeeding four (4) calendar years.
- (2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:
 - (A) the cost of personal services (including fringe benefits);
 - (B) the cost of supplies; and
 - (C) any other cost directly related to the operation of the court.



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1	(3) Permission to the civil taxing unit to increase its levy in excess
2	of the limitations established under section 3 of this chapter, if the
3	department finds that the quotient determined under STEP SIX of
4	the following formula is equal to or greater than one and
5	two-hundredths (1.02):
6	STEP ONE: Determine the three (3) calendar years that most
7	immediately precede the ensuing calendar year and in which
8	a statewide general reassessment of real property or the initial
9	annual adjustment of the assessed value of real property under
10	IC 6-1.1-4-4.5 does not first become effective.
11	STEP TWO: Compute separately, for each of the calendar
12	years determined in STEP ONE, the quotient (rounded to the
13	nearest ten-thousandth (0.0001)) of the sum of the civil taxing
14	unit's total assessed value of all taxable property and:
15	(i) for a particular calendar year before 2007, the total
16	assessed value of property tax deductions in the unit under
17	IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar
18	year; or
19	(ii) for a particular calendar year after 2006, the total
20	assessed value of property tax deductions that applied in the
21	unit under IC 6-1.1-12-42 in 2006 plus for a particular
22	calendar year after 2009, the total assessed value of property
23	tax deductions that applied in the unit under
24	IC 6-1.1-12-37.5 in 2008;
25	divided by the sum determined under this STEP for the
26	calendar year immediately preceding the particular calendar
27	year.
28	STEP THREE: Divide the sum of the three (3) quotients
29	computed in STEP TWO by three (3).
30	STEP FOUR: Compute separately, for each of the calendar
31	years determined in STEP ONE, the quotient (rounded to the
32	nearest ten-thousandth (0.0001)) of the sum of the total
33	assessed value of all taxable property in all counties and:
34	(i) for a particular calendar year before 2007, the total
35	assessed value of property tax deductions in all counties
36	under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular
37	calendar year; or
38	(ii) for a particular calendar year after 2006, the total
39	assessed value of property tax deductions that applied in all
40	counties under IC 6-1.1-12-42 in 2006 plus for a particular
41	calendar year after 2009, the total assessed value of property

tax deductions that applied in the unit under



1	IC 6-1.1-12-37.5 in 2008;	
2	divided by the sum determined under this STEP for the	
	•	
3	calendar year immediately preceding the particular calendar	
4	year.	
5	STEP FIVE: Divide the sum of the three (3) quotients	
6	computed in STEP FOUR by three (3).	
7	STEP SIX: Divide the STEP THREE amount by the STEP	
8	FIVE amount.	
9	The civil taxing unit may increase its levy by a percentage not	
10	greater than the percentage by which the STEP THREE amount	
11	exceeds the percentage by which the civil taxing unit may	
12	increase its levy under section 3 of this chapter based on the	
13	assessed value growth quotient determined under section 2 of this	
14	chapter.	
15	(4) A levy increase may not be granted under this subdivision for	
16	property taxes first due and payable after December 31, 2008.	
17	Permission to the civil taxing unit to increase its levy in excess of	
18	the limitations established under section 3 of this chapter, if the	
19	local government tax control board finds that the civil taxing unit	
20	needs the increase to pay the costs of furnishing fire protection for	
21	the civil taxing unit through a volunteer fire department. For	
22	purposes of determining a township's need for an increased levy,	
23	the local government tax control board shall not consider the	
24	amount of money borrowed under IC 36-6-6-14 during the	
25	immediately preceding calendar year. However, any increase in	
26	the amount of the civil taxing unit's levy recommended by the	
27	local government tax control board under this subdivision for the	
28	ensuing calendar year may not exceed the lesser of:	
29	(A) ten thousand dollars (\$10,000); or	
30	(B) twenty percent (20%) of:	
31	(i) the amount authorized for operating expenses of a	
32	volunteer fire department in the budget of the civil taxing	
33	unit for the immediately preceding calendar year; plus	
34	(ii) the amount of any additional appropriations authorized	
35	during that calendar year for the civil taxing unit's use in	
36	paying operating expenses of a volunteer fire department	
37	under this chapter; minus	
38	(iii) the amount of money borrowed under IC 36-6-6-14	
39	during that calendar year for the civil taxing unit's use in	
40	paying operating expenses of a volunteer fire department.	
41	(5) A levy increase may not be granted under this subdivision for	

property taxes first due and payable after December 31, 2008.



1	Permission to a civil taxing unit to increase its levy in excess of
2	the limitations established under section 3 of this chapter in order
3	to raise revenues for pension payments and contributions the civil
4	taxing unit is required to make under IC 36-8. The maximum
5	increase in a civil taxing unit's levy that may be recommended
6	under this subdivision for an ensuing calendar year equals the
7	amount, if any, by which the pension payments and contributions
8	the civil taxing unit is required to make under IC 36-8 during the
9	ensuing calendar year exceeds the product of one and one-tenth
10	(1.1) multiplied by the pension payments and contributions made
11	by the civil taxing unit under IC 36-8 during the calendar year that
12	immediately precedes the ensuing calendar year. For purposes of
13	this subdivision, "pension payments and contributions made by a
14	civil taxing unit" does not include that part of the payments or
15	contributions that are funded by distributions made to a civil
16	taxing unit by the state.
17	(6) A levy increase may not be granted under this subdivision for
18	property taxes first due and payable after December 31, 2008.
19	Permission to increase its levy in excess of the limitations
20	established under section 3 of this chapter if the local government
21	tax control board finds that:
22	(A) the township's township assistance ad valorem property
23	tax rate is less than one and sixty-seven hundredths cents
24	(\$0.0167) per one hundred dollars (\$100) of assessed
25	valuation; and
26	(B) the township needs the increase to meet the costs of
27	providing township assistance under IC 12-20 and IC 12-30-4.
28	The maximum increase that the board may recommend for a
29	township is the levy that would result from an increase in the
30	township's township assistance ad valorem property tax rate of
31	one and sixty-seven hundredths cents (\$0.0167) per one hundred
32	dollars (\$100) of assessed valuation minus the township's ad
33	valorem property tax rate per one hundred dollars (\$100) of
34	assessed valuation before the increase.
35	(7) A levy increase may not be granted under this subdivision for
36	property taxes first due and payable after December 31, 2008.
37	Permission to a civil taxing unit to increase its levy in excess of
38	the limitations established under section 3 of this chapter if:
39	(A) the increase has been approved by the legislative body of
40	the municipality with the largest population where the civil
41	taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil



1	taxing unit needs the increase to provide adequate public	
2	transportation services.	
3	The local government tax control board shall consider tax rates	
4	and levies in civil taxing units of comparable population, and the	
5	effect (if any) of a loss of federal or other funds to the civil taxing	
6	unit that might have been used for public transportation purposes.	
7	However, the increase that the board may recommend under this	
8	subdivision for a civil taxing unit may not exceed the revenue that	
9	would be raised by the civil taxing unit based on a property tax	
10	rate of one cent (\$0.01) per one hundred dollars (\$100) of	
11	assessed valuation.	
12	(8) A levy increase may not be granted under this subdivision for	
13	property taxes first due and payable after December 31, 2008.	
14	Permission to a civil taxing unit to increase the unit's levy in	
15	excess of the limitations established under section 3 of this	
16	chapter if the local government tax control board finds that:	
17	(A) the civil taxing unit is:	
18	(i) a county having a population of more than one hundred	
19	forty-eight thousand (148,000) but less than one hundred	
20	seventy thousand (170,000);	
21	(ii) a city having a population of more than fifty-five	
22	thousand (55,000) but less than fifty-nine thousand (59,000);	
23	(iii) a city having a population of more than twenty-eight	
24	thousand seven hundred (28,700) but less than twenty-nine	
25	thousand (29,000);	
26	(iv) a city having a population of more than fifteen thousand	
27	four hundred (15,400) but less than sixteen thousand six	
28	hundred (16,600); or	
29	(v) a city having a population of more than seven thousand	
30	(7,000) but less than seven thousand three hundred (7,300);	
31	and	
32	(B) the increase is necessary to provide funding to undertake	
33	removal (as defined in IC 13-11-2-187) and remedial action	
34	(as defined in IC 13-11-2-185) relating to hazardous	
35	substances (as defined in IC 13-11-2-98) in solid waste	
36	disposal facilities or industrial sites in the civil taxing unit that	
37	have become a menace to the public health and welfare.	
38	The maximum increase that the local government tax control	
39	board may recommend for such a civil taxing unit is the levy that	
40	would result from a property tax rate of six and sixty-seven	

hundredths cents (\$0.0667) for each one hundred dollars (\$100)

of assessed valuation. For purposes of computing the ad valorem



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1	property tax levy limit imposed on a civil taxing unit under
2	section 3 of this chapter, the civil taxing unit's ad valorem
3	property tax levy for a particular year does not include that part of
4	the levy imposed under this subdivision. In addition, a property
5	tax increase permitted under this subdivision may be imposed for
6	only two (2) calendar years.
7	(9) A levy increase may not be granted under this subdivision for
8	property taxes first due and payable after December 31, 2008.
9	Permission for a county:
10	(A) having a population of more than eighty thousand (80,000)
11	but less than ninety thousand (90,000) to increase the county's
12	levy in excess of the limitations established under section 3 of
13	this chapter, if the local government tax control board finds
14	that the county needs the increase to meet the county's share of
15	the costs of operating a jail or juvenile detention center,
16	including expansion of the facility, if the jail or juvenile
17	detention center is opened after December 31, 1991;
18	(B) that operates a county jail or juvenile detention center that
19	is subject to an order that:
20	(i) was issued by a federal district court; and
21	(ii) has not been terminated;
22	(C) that operates a county jail that fails to meet:
23	(i) American Correctional Association Jail Construction
24	Standards; and
25	(ii) Indiana jail operation standards adopted by the
26	department of correction; or
27	(D) that operates a juvenile detention center that fails to meet
28	standards equivalent to the standards described in clause (C)
29	for the operation of juvenile detention centers.
30	Before recommending an increase, the local government tax
31	control board shall consider all other revenues available to the
32	county that could be applied for that purpose. An appeal for
33	operating funds for a jail or a juvenile detention center shall be
34	considered individually, if a jail and juvenile detention center are
35	both opened in one (1) county. The maximum aggregate levy
36	increases that the local government tax control board may
37	recommend for a county equals the county's share of the costs of
38	operating the jail or a juvenile detention center for the first full
39	calendar year in which the jail or juvenile detention center is in
40	operation.

(10) A levy increase may not be granted under this subdivision for

property taxes first due and payable after December 31, 2008.



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1	Permission for a township to increase its levy in excess of the
2	limitations established under section 3 of this chapter, if the local
3	government tax control board finds that the township needs the
4	increase so that the property tax rate to pay the costs of furnishing
5	fire protection for a township, or a portion of a township, enables
6	the township to pay a fair and reasonable amount under a contract
7	with the municipality that is furnishing the fire protection.
8	However, for the first time an appeal is granted the resulting rate
9	increase may not exceed fifty percent (50%) of the difference
10	between the rate imposed for fire protection within the
11	municipality that is providing the fire protection to the township
12	and the township's rate. A township is required to appeal a second
13	time for an increase under this subdivision if the township wants
14	to further increase its rate. However, a township's rate may be
15	increased to equal but may not exceed the rate that is used by the
16	municipality. More than one (1) township served by the same
17	municipality may use this appeal.
18	(11) A levy increase may not be granted under this subdivision for
19	property taxes first due and payable after December 31, 2008.
20	Permission for a township to increase its levy in excess of the
21	limitations established under section 3 of this chapter, if the local
22	government tax control board finds that the township has been
23	required, for the three (3) consecutive years preceding the year for
24	which the appeal under this subdivision is to become effective, to
25	borrow funds under IC 36-6-6-14 to furnish fire protection for the
26	township or a part of the township. However, the maximum
27	increase in a township's levy that may be allowed under this
28	subdivision is the least of the amounts borrowed under
29	IC 36-6-6-14 during the preceding three (3) calendar years. A
30	township may elect to phase in an approved increase in its levy
31	under this subdivision over a period not to exceed three (3) years.
32	A particular township may appeal to increase its levy under this
33	section not more frequently than every fourth calendar year.
34	(12) Permission to a city having a population of more than
35	twenty-nine thousand (29,000) but less than thirty-one thousand
36	(31,000) to increase its levy in excess of the limitations
37	established under section 3 of this chapter if:
38	(A) an appeal was granted to the city under this section to
39	reallocate property tax replacement credits under IC 6-3.5-1.1







in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of

the city, and the legislative body of the city has by resolution



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1 determined that the increase is necessary to pay normal 2 operating expenses. 3 The maximum amount of the increase is equal to the amount of 4 property tax replacement credits under IC 6-3.5-1.1 that the city 5 petitioned under this section to have reallocated in 2001 for a 6 purpose other than property tax relief. 7 (13) A levy increase may be granted under this subdivision only 8 for property taxes first due and payable after December 31, 2008. 9 Permission to a civil taxing unit to increase its levy in excess of 10 the limitations established under section 3 of this chapter if the 11 civil taxing unit cannot carry out its governmental functions for 12 an ensuing calendar year under the levy limitations imposed by 13 section 3 of this chapter due to a natural disaster, an accident, or 14 another unanticipated emergency. 15 SECTION 12. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008, SECTION 202, IS AMENDED TO READ AS FOLLOWS 16 17 [EFFECTIVE JULY 1, 2010]: Sec. 2. As used in this chapter, 18 "distressed political subdivision" means a political subdivision that 19 expects to have the political subdivision's property tax collections 20 reduced by at least five percent (5%) in a calendar year as a result of 21 the application of the credit one (1) or more credits under 22 IC 6-1.1-20.6 for that calendar year. 23 SECTION 13. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008, 24 SECTION 205, IS AMENDED TO READ AS FOLLOWS 25 [EFFECTIVE JULY 1, 2010]: Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the fiscal body of a distressed 26 27 political subdivision may petition the board for relief as authorized 2.8 under this chapter from the application of the credit one (1) or more 29 credits under IC 6-1.1-20.6 for a calendar year. 30 (b) A petition under subsection (a) must include a proposed 31 financial plan for the distressed political subdivision. The proposed 32 financial plan must include the following: 33 (1) Proposed budgets that would enable the distressed political 34 subdivision to cease being a distressed political subdivision. 35

- (2) Proposed efficiencies, consolidations, cost reductions, uses of alternative or additional revenues, or other actions that would enable the distressed political subdivision to cease being a distressed political subdivision.
- (3) Proposed increases, if any, in the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 IC 6-1.1-20.6-7.5 will apply, including any varying percentages for different classes of property.



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1	(4) Proposed reductions, if any, to the credits under IC 6-1.1-20.6
2	IC 6-1.1-20.6-7.5 (by percentages), including any varying
3	percentage reductions for different classes of property.
4	(5) Proposed changes, if any, in the calculation of the credit
5	under IC 6-1.1-20.6-8.7(c) as permitted under section 8(b)(4)
6	of this chapter.
7	(c) The board may adopt procedures governing the timing and
8	required content of a petition under subsection (a).
9	SECTION 14. IC 6-1.1-20.3-8, AS AMENDED BY P.L.146-2008,
10	SECTION 207, IS AMENDED TO READ AS FOLLOWS
11	[EFFECTIVE JULY 1, 2010]: Sec. 8. (a) The board may authorize
12	relief as provided in subsection (b) from the application of the credit
13	one (1) or more credits under IC 6-1.1-20.6 for a calendar year if the
14	governing body of each political subdivision in the county that is
15	affected by the financial plan has adopted a resolution agreeing to the
16	terms of the financial plan.
17	(b) If the conditions of subsection (a) are satisfied, the board may,
18	notwithstanding IC 6-1.1-20.6, do any of the following:
19	(1) Increase the percentage thresholds (specified as a percentage
20	of gross assessed value) at which the credit under IC 6-1.1-20.6
21	IC 6-1.1-20.6-7.5 applies to a person's property tax liability in the
22	political subdivision.
23	(2) Provide for percentage reductions to credits otherwise
24	provided under IC 6-1.1-20.6 IC 6-1.1-20.6-7.5 in the political
25	subdivision.
26	(3) Provide that some or all of the property taxes that:
27	(A) are being imposed to pay bonds, leases, or other debt
28	obligations; and
29	(B) would otherwise be included in the calculation of the
30	credit under IC 6-1.1-20.6 IC 6-1.1-20.6-7.5 in the political
31	subdivision;
32	shall not be included for purposes of calculating a person's credit
33	under IC 6-1.1-20.6. IC 6-1.1-20.6-7.5.
34	(4) Change the calculation of the credit under
35	IC 6-1.1-20.6-8.7(c) so that the multiplier under that
36	subsection is a factor different from the index factor, as
37	defined in IC 6-1.1-20.6-8.7(b).
38	(c) If the board provides relief described in subsection (b), the board
39	shall conduct audits and reviews as necessary to determine whether the
40	affected political subdivision is abiding by the terms of the financial
11	nlan agreed to under subsection (a)

SECTION 15. IC 6-1.1-20.6-3, AS AMENDED BY P.L.146-2008,



1	SECTION 219, IS AMENDED TO READ AS FOLLOWS
2	[EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 3. As used
3	in this chapter, "property tax liability" means, for purposes of:
4	(1) this chapter, other than section 8.5 7.5 of this chapter, liability
5	for the tax imposed on property under this article determined after
6	application of all credits and deductions under this article or
7	IC 6-3.5, except the credit under section 7.5 of this chapter, but
8	does not include any interest or penalty imposed under this
9	article; and
10	(2) section sections 8.5 and 8.7 of this chapter, liability for the
11	tax imposed on property under this article determined after
12	application of all credits and deductions under this article or
13	IC 6-3.5, including the credit credits granted by section 7 or
14	sections 7.5 and 8.7 of this chapter, but not including the credit
15	granted under section 8.5 of this chapter or any interest or penalty
16	imposed under this article.
17	SECTION 16. IC 6-1.1-20.6-8.7 IS ADDED TO THE INDIANA
18	CODE AS A NEW SECTION TO READ AS FOLLOWS
19	[EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 8.7. (a) As
20	used in this section, "index" refers to the United States Department
21	of Labor Consumer Price Index for all Urban Consumers.
22	(b) As used in this section, "index factor" refers to the quotient
23	of the most recently available annual average index for a calendar
24	year divided by the annual average index for the immediately
25	preceding calendar year.
26	(c) Subject to subsections (d), (e), (f), and (j) an additional credit
27	applies under this section for property taxes first due and payable
28	on real property in 2011 and in each subsequent calendar year in
29	the amount by which the property tax liability first due and
30	payable on the real property for the current calendar year exceeds
31	the property tax liability first due and payable on the real property
32	for the immediately preceding calendar year multiplied by the
33	index factor.
34	(d) Property tax liability imposed:
35	(1) on an improvement to or expansion of the real property;
36	(2) as a result of a change in use of the real property; or
37	(3) as a result of the correction of an error in the assessed
38	value of the property;
39	after the assessment date for which property tax liability for the
40	immediately preceding calendar described in subsection (c) was
41	imposed is not considered in determining the credit granted under



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this section in the current calendar year.

1	(e) The following are not considered for purposes of calculating	
2	a credit under this section:	
3	(1) Property taxes imposed after being approved by the voters	
4	in a referendum or local public question.	
5	(2) Subject to subsection (i), property taxes attributable to the	
6	elimination of or a reduction in the amount of a deduction	
7	applied to property under IC 6-1.1-12.1.	
8	(f) Except as provided in subsection (g), the credit under this	
9	section does not apply for property taxes first due and payable in	
10	a calendar year if one (1) or more transfers of title to the real	4
11	property result in an entity being liable for the property taxes on	
12	the real property in that calendar year that is different from the	•
13	entity that was liable for the property taxes on the real property in	
14	the immediately preceding calendar year.	
15	(g) Subsection (f) does not apply to real property that is jointly	
16	held with another owner following the removal of the joint owner	4
17	if:	
18	(1) the individual is the sole owner of the property following	
19	the death of the individual's spouse;	
20	(2) the individual is the sole owner of the property following	
21	the death of a joint owner who was not the individual's	
22	spouse; or	
23	(3) the individual is awarded sole ownership of property in a	
24	dissolution of marriage decree.	
25	(h) The budget agency shall annually:	
26	(1) determine the index factor;	
27	(2) make the index factor available on the web site maintained	
28	by the budget agency; and	
29	(3) notify county auditors in writing of the index factor.	
30	(i) Subsection (e)(2) does not apply to a deduction if:	
31	(1) the deduction applies for only one (1) year under	
32	IC 6-1.1-12.1-4(d)(1) or IC 6-1.1-12.1-4.8(i)(1) and the year of	
33	the deduction is after 2009; or	
34	(2) the deduction applies under a multiple year schedule	
35	under IC 6-1.1-12.1-4(d) or IC 6-1.1-12.1-4.8(i) and the first	
36	year of the schedule is after 2009.	
37	(j) If one (1) or more parcels are combined, the amount of the	
38	credit under this section for the combined parcel is the sum of the	
39	credit amounts that would have applied for both or all of the	
40	combined parcels if the combination had not occurred.	
41	SECTION 17. IC 6-1.1-30-14, AS AMENDED BY P.L.219-2007,	

SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1	JULY 1, 2010]: Sec. 14. The department of local government finance:	
2	(1) shall see that the property taxes due this state are collected;	
3	(2) shall see that the penalties prescribed under this article are	
4	enforced;	
5	(3) shall investigate the property tax laws and systems of other	
6	states and countries;	
7	(4) for assessment dates after December 31, 2008, shall conduct	
8	all ratio studies required for:	
9	(A) equalization under 50 IAC 14; and	
10	(B) annual adjustments under 50 IAC 21; and	
11	(5) may recommend changes in this state's property tax laws to the	
12	general assembly.	
13	SECTION 18. IC 6-1.1-39-5, AS AMENDED BY P.L.146-2008,	
14	SECTION 296, IS AMENDED TO READ AS FOLLOWS	
15	[EFFECTIVE JULY 1, 2010]: Sec. 5. (a) A declaratory ordinance	
16 17	adopted under section 2 of this chapter and confirmed under section 3	
17 18	of this chapter must include a provision with respect to the allocation	
19	and distribution of property taxes for the purposes and in the manner provided in this section. The allocation provision must apply to the	
20	entire economic development district. The allocation provisions must	
21	require that any property taxes subsequently levied by or for the benefit	
22	of any public body entitled to a distribution of property taxes on taxable	
23	property in the economic development district be allocated and	
24	distributed as follows:	
25	(1) Except as otherwise provided in this section, the proceeds of	
26	the taxes attributable to the lesser of:	
27	(A) the assessed value of the property for the assessment date	
28	with respect to which the allocation and distribution is made;	V
29	or	
30	(B) the base assessed value;	
31	shall be allocated to and, when collected, paid into the funds of	
32	the respective taxing units. However, if the effective date of the	
33	allocation provision of a declaratory ordinance is after March 1,	
34	1985, and before January 1, 1986, and if an improvement to	
35	property was partially completed on March 1, 1985, the unit may	
36	provide in the declaratory ordinance that the taxes attributable to	
37	the assessed value of the property as finally determined for March	
38	1, 1984, shall be allocated to and, when collected, paid into the	
39	funds of the respective taxing units.	
40	(2) Except as otherwise provided in this section, part or all of the	
41	property tax proceeds in excess of those described in subdivision	

(1), as specified in the declaratory ordinance, shall be allocated to



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the unit for the economic development district and, when collected, paid into a special fund established by the unit for that economic development district that may be used only to pay the principal of and interest on obligations owed by the unit under
IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district. The amount not paid into the special fund shall be paid to the respective units in the manner prescribed by
subdivision (1). (3) When the money in the fund is sufficient to pay all outstanding principal of and interest (to the earliest date on which the obligations can be redeemed) on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing
of industrial development programs in, or serving, that economic development district, money in the special fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subdivision (1)

- (b) Property tax proceeds allocable to the economic development district under subsection (a)(2) must, subject to subsection (a)(3), be irrevocably pledged by the unit for payment as set forth in subsection (a)(2).
- (c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the economic development district that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory ordinance is the lesser of:
 - (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (2) the base assessed value.
- (d) Notwithstanding any other law, each assessor shall, upon petition of the fiscal body, reassess the taxable property situated upon or in, or added to, the economic development district effective on the next assessment date after the petition.
- (e) Notwithstanding any other law, the assessed value of all taxable property in the economic development district, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
 - (f) The state board of accounts and department of local government









finance shall make the rules and prescribe the forms and procedures
that they consider expedient for the implementation of this chapter.
After each general reassessment under IC 6-1.1-4, the department of
local government finance shall adjust the base assessed value one (1)
time to neutralize any effect of the general reassessment on the
property tax proceeds allocated to the district under this section. After
each annual adjustment under IC 6-1.1-4-4.5, the department of local
government finance shall adjust the base assessed value to neutralize
any effect of the annual adjustment on the property tax proceeds
allocated to the district under this section. However, the adjustments
under this subsection may not include the effect of property tax
abatements under IC 6-1 1-12 1

- (g) As used in this section, "property taxes" means:
 - (1) taxes imposed under this article on real property; and
 - (2) any part of the taxes imposed under this article on depreciable personal property that the unit has by ordinance allocated to the economic development district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives.

If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under subdivision (2).

- (h) As used in this section, "base assessed value" means:
 - (1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (f); plus
 - (2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Subdivision (2) applies only to economic development districts established after June 30, 1997, and to additional areas established after June 30, 1997.

SECTION 19. IC 8-22-3.5-11, AS AMENDED BY P.L.154-2006, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 11. (a) The state board of accounts and the department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and

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2 (b) After each general reassessment under IC (114 the	
2 (b) After each general reassessment under IC 6-1.1-4, the	
department of local government finance shall adjust the base assessed	
4 value (as defined in section 9 of this chapter) one (1) time to neutralize	
5 any effect of the general reassessment on the property tax proceeds	
6 allocated to the airport development zone's special funds under section	
7 9 of this chapter.	
8 (c) After each annual adjustment under IC 6-1.1-4-4.5, the	
9 department of local government finance shall adjust the base assessed	
value (as defined in section 9 of this chapter) to neutralize any effect	
of the annual adjustment on the property tax proceeds allocated to the	
airport development zone's special funds under section 9 of this	
chapter.	
SECTION 20. IC 36-7-14-39, AS AMENDED BY	
P.L.182-2009(ss), SECTION 404, IS AMENDED TO READ AS	
FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 39. (a) As used in this	
17 section:	
18 "Allocation area" means that part of a redevelopment project area	
to which an allocation provision of a declaratory resolution adopted	
20 under section 15 of this chapter refers for purposes of distribution and	
21 allocation of property taxes.	
"Base assessed value" means the following:	
23 (1) If an allocation provision is adopted after June 30, 1995, in a	
declaratory resolution or an amendment to a declaratory	
resolution establishing an economic development area:	
26 (A) the net assessed value of all the property as finally	
determined for the assessment date immediately preceding the	
28 effective date of the allocation provision of the declaratory	
resolution, as adjusted under subsection (h); plus	
30 (B) to the extent that it is not included in clause (A), the net	
31 assessed value of property that is assessed as residential	
32 property under the rules of the department of local government	
finance, as finally determined for any assessment date after the	
34 effective date of the allocation provision.	
35 (2) If an allocation provision is adopted after June 30, 1997, in a	
declaratory resolution or an amendment to a declaratory	
37 resolution establishing a redevelopment project area:	
38 (A) the net assessed value of all the property as finally	
determined for the assessment date immediately preceding the	
40 effective date of the allocation provision of the declaratory	
41 resolution, as adjusted under subsection (h); plus	
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1	assessed value of property that is assessed as residential
2	property under the rules of the department of local government
3	finance, as finally determined for any assessment date after the
4	effective date of the allocation provision.
5	(3) If:
6	(A) an allocation provision adopted before June 30, 1995, in
7	a declaratory resolution or an amendment to a declaratory
8	resolution establishing a redevelopment project area expires
9	after June 30, 1997; and
10	(B) after June 30, 1997, a new allocation provision is included
11	in an amendment to the declaratory resolution;
12	the net assessed value of all the property as finally determined for
13	the assessment date immediately preceding the effective date of
14	the allocation provision adopted after June 30, 1997, as adjusted
15	under subsection (h).
16	(4) Except as provided in subdivision (5), for all other allocation
17	areas, the net assessed value of all the property as finally
18	determined for the assessment date immediately preceding the
19	effective date of the allocation provision of the declaratory
20	resolution, as adjusted under subsection (h).
21	(5) If an allocation area established in an economic development
22	area before July 1, 1995, is expanded after June 30, 1995, the
23	definition in subdivision (1) applies to the expanded part of the
24	area added after June 30, 1995.
25	(6) If an allocation area established in a redevelopment project
26	area before July 1, 1997, is expanded after June 30, 1997, the
27	definition in subdivision (2) applies to the expanded part of the
28	area added after June 30, 1997.
29	Except as provided in section 39.3 of this chapter, "property taxes"
30	means taxes imposed under IC 6-1.1 on real property. However, upon
31	approval by a resolution of the redevelopment commission adopted
32	before June 1, 1987, "property taxes" also includes taxes imposed
33	under IC 6-1.1 on depreciable personal property. If a redevelopment
34	commission adopted before June 1, 1987, a resolution to include within
35	the definition of property taxes taxes imposed under IC 6-1.1 on
36	depreciable personal property that has a useful life in excess of eight
37	(8) years, the commission may by resolution determine the percentage
38	of taxes imposed under IC 6-1.1 on all depreciable personal property
39	that will be included within the definition of property taxes. However,
40	the percentage included must not exceed twenty-five percent (25%) of

the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter



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on or before the allocation deadline determined under subsection (i)
may include a provision with respect to the allocation and distribution
of property taxes for the purposes and in the manner provided in this
section. A declaratory resolution previously adopted may include an
allocation provision by the amendment of that declaratory resolution or
or before the allocation deadline determined under subsection (i) in
accordance with the procedures required for its original adoption. A
declaratory resolution or an amendment that establishes an allocation
provision after June 30, 1995, must specify an expiration date for the
allocation provision. For an allocation area established before July 1,
2008, the expiration date may not be more than thirty (30) years after
the date on which the allocation provision is established. For an
allocation area established after June 30, 2008, the expiration date may
not be more than twenty-five (25) years after the date on which the first
obligation was incurred to pay principal and interest on bonds or lease
rentals on leases payable from tax increment revenues. However, with
respect to bonds or other obligations that were issued before July 1
2008, if any of the bonds or other obligations that were scheduled when
issued to mature before the specified expiration date and that are
payable only from allocated tax proceeds with respect to the allocation
area remain outstanding as of the expiration date, the allocation
provision does not expire until all of the bonds or other obligations are
no longer outstanding. The allocation provision may apply to all or part
of the redevelopment project area. The allocation provision must
require that any property taxes subsequently levied by or for the benefit
of any public body entitled to a distribution of property taxes on taxable
property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (B) the base assessed value;
- shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:
 - (A) Pay the principal of and interest on any obligations







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1	payable solely from allocated tax proceeds which are incurred	
2	by the redevelopment district for the purpose of financing or	
3	refinancing the redevelopment of that allocation area.	
4	(B) Establish, augment, or restore the debt service reserve for	
5	bonds payable solely or in part from allocated tax proceeds in	
6	that allocation area.	
7	(C) Pay the principal of and interest on bonds payable from	
8	allocated tax proceeds in that allocation area and from the	
9	special tax levied under section 27 of this chapter.	4
10	(D) Pay the principal of and interest on bonds issued by the	
11	unit to pay for local public improvements that are physically	
12	located in or physically connected to that allocation area.	`
13	(E) Pay premiums on the redemption before maturity of bonds	
14	payable solely or in part from allocated tax proceeds in that	
15	allocation area.	
16	(F) Make payments on leases payable from allocated tax	
17	proceeds in that allocation area under section 25.2 of this	
18	chapter.	
19	(G) Reimburse the unit for expenditures made by it for local	
20	public improvements (which include buildings, parking	
21	facilities, and other items described in section 25.1(a) of this	
22	chapter) that are physically located in or physically connected	
23	to that allocation area.	
24	(H) Reimburse the unit for rentals paid by it for a building or	
25	parking facility that is physically located in or physically	
26	connected to that allocation area under any lease entered into	
27	under IC 36-1-10.	T T
28	(I) For property taxes first due and payable before January 1,	}
29	2009, pay all or a part of a property tax replacement credit to	
30	taxpayers in an allocation area as determined by the	
31	redevelopment commission. This credit equals the amount	
32	determined under the following STEPS for each taxpayer in a	
33	taxing district (as defined in IC 6-1.1-1-20) that contains all or	
34	part of the allocation area:	
35	STEP ONE: Determine that part of the sum of the amounts	
36	under IC $6-1.1-21-2(g)(1)(A)$, IC $6-1.1-21-2(g)(2)$,	
37	IC $6-1.1-21-2(g)(3)$, IC $6-1.1-21-2(g)(4)$, and	
38	IC $6-1.1-21-2(g)(5)$ that is attributable to the taxing district.	
39	STEP TWO: Divide:	
40	(i) that part of each county's eligible property tax	
41	replacement amount (as defined in IC 6-1.1-21-2) for that	
42	year as determined under IC 6-1.1-21-4 that is attributable	



1	to the taxing district; by
2	(ii) the STEP ONE sum.
3	STEP THREE: Multiply:
4	(i) the STEP TWO quotient; times
5	(ii) the total amount of the taxpayer's taxes (as defined in
6	IC 6-1.1-21-2) levied in the taxing district that have been
7	allocated during that year to an allocation fund under this
8	section.
9	If not all the taxpayers in an allocation area receive the credit
.0	in full, each taxpayer in the allocation area is entitled to
1	receive the same proportion of the credit. A taxpayer may not
.2	receive a credit under this section and a credit under section
.3	39.5 of this chapter (before its repeal) in the same year.
4	(J) Pay expenses incurred by the redevelopment commission
.5	for local public improvements that are in the allocation area or
.6	serving the allocation area. Public improvements include
7	buildings, parking facilities, and other items described in
. 8	section 25.1(a) of this chapter.
9	(K) Reimburse public and private entities for expenses
20	incurred in training employees of industrial facilities that are
21	located:
.2	(i) in the allocation area; and
23	(ii) on a parcel of real property that has been classified as
24	industrial property under the rules of the department of local
2.5	government finance.
26	However, the total amount of money spent for this purpose in
27	any year may not exceed the total amount of money in the
28	allocation fund that is attributable to property taxes paid by the
29	industrial facilities described in this clause. The
30	reimbursements under this clause must be made within three
31	(3) years after the date on which the investments that are the
32	basis for the increment financing are made.
33	(L) Pay the costs of carrying out an eligible efficiency project
34	(as defined in IC 36-9-41-1.5) within the unit that established
55	the redevelopment commission. However, property tax
66	proceeds may be used under this clause to pay the costs of
37	carrying out an eligible efficiency project only if those
8	property tax proceeds exceed the amount necessary to do the
19	following:
10	(i) Make, when due, any payments required under clauses
1	(A) through (K), including any payments of principal and
12	interest on bonds and other obligations payable under this



1	subdivision, any payments of premiums under this
2	subdivision on the redemption before maturity of bonds, and
3	any payments on leases payable under this subdivision.
4	(ii) Make any reimbursements required under this
5	subdivision.
6	(iii) Pay any expenses required under this subdivision.
7	(iv) Establish, augment, or restore any debt service reserve
8	under this subdivision.
9	The allocation fund may not be used for operating expenses of the
10	commission.
11	(3) Except as provided in subsection (g), before July 15 of each
12	year the commission shall do the following:
13	(A) Determine the amount, if any, by which the assessed value
14	of the taxable property in the allocation area for the most
15	recent assessment date minus the base assessed value, when
16	multiplied by the estimated tax rate of the allocation area, will
17	exceed the amount of assessed value needed to produce the
18	property taxes necessary to make, when due, principal and
19	interest payments on bonds described in subdivision (2) plus
20	the amount necessary for other purposes described in
21	subdivision (2).
22	(B) Provide a written notice to the county auditor, the fiscal
23	body of the county or municipality that established the
24	department of redevelopment, and the officers who are
25	authorized to fix budgets, tax rates, and tax levies under
26	IC 6-1.1-17-5 for each of the other taxing units that is wholly
27	or partly located within the allocation area. The notice must:
28	(i) state the amount, if any, of excess assessed value that the
29	commission has determined may be allocated to the
30	respective taxing units in the manner prescribed in
31	subdivision (1); or
32	(ii) state that the commission has determined that there is no
33	excess assessed value that may be allocated to the respective
34	taxing units in the manner prescribed in subdivision (1).
35	The county auditor shall allocate to the respective taxing units
36	the amount, if any, of excess assessed value determined by the
37	commission. The commission may not authorize an allocation
38	of assessed value to the respective taxing units under this
39	subdivision if to do so would endanger the interests of the
40	holders of bonds described in subdivision (2) or lessors under
41	section 25.3 of this chapter.
42	(c) For the purpose of allocating taxes levied by or for any taxing
T 2	(c) for the purpose of anocating taxes levied by or for any taxing



unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

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- (d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).
- (e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.
- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1)

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in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

- (i) The allocation deadline referred to in subsection (b) is determined in the following manner:
 - (1) The initial allocation deadline is December 31, 2011.
 - (2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.
 - (3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

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1	(A) terminates the automatic extension of allocation deadlines
2	under subdivision (2); and
3	(B) specifically designates a particular date as the final
4	allocation deadline.
5	SECTION 21. IC 36-7-15.1-26, AS AMENDED BY
6	P.L.182-2009(ss), SECTION 406, IS AMENDED TO READ AS
7	FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 26. (a) As used in this
8	section:
9	"Allocation area" means that part of a redevelopment project area
10	to which an allocation provision of a resolution adopted under section
11	8 of this chapter refers for purposes of distribution and allocation of
12	property taxes.
13	"Base assessed value" means the following:
14	(1) If an allocation provision is adopted after June 30, 1995, in a
15	declaratory resolution or an amendment to a declaratory
16	resolution establishing an economic development area:
17	(A) the net assessed value of all the property as finally
18	determined for the assessment date immediately preceding the
19	effective date of the allocation provision of the declaratory
20	resolution, as adjusted under subsection (h); plus
21	(B) to the extent that it is not included in clause (A), the net
22	assessed value of property that is assessed as residential
23	property under the rules of the department of local government
24	finance, as finally determined for any assessment date after the
25	effective date of the allocation provision.
26	(2) If an allocation provision is adopted after June 30, 1997, in a
27	declaratory resolution or an amendment to a declaratory
28	resolution establishing a redevelopment project area:
29	(A) the net assessed value of all the property as finally
30	determined for the assessment date immediately preceding the
31	effective date of the allocation provision of the declaratory
32	resolution, as adjusted under subsection (h); plus
33	(B) to the extent that it is not included in clause (A), the net
34	assessed value of property that is assessed as residential
35	property under the rules of the department of local government
36	finance, as finally determined for any assessment date after the
37	effective date of the allocation provision.
38	(3) If:
39	(A) an allocation provision adopted before June 30, 1995, in
40	a declaratory resolution or an amendment to a declaratory
41	resolution establishing a redevelopment project area expires
42	after June 30, 1997; and



1	(B) after June 30, 1997, a new allocation provision is included
2	in an amendment to the declaratory resolution;
3	the net assessed value of all the property as finally determined for
4	the assessment date immediately preceding the effective date of
5	the allocation provision adopted after June 30, 1997, as adjusted
6	under subsection (h).
7	(4) Except as provided in subdivision (5), for all other allocation
8	areas, the net assessed value of all the property as finally
9	determined for the assessment date immediately preceding the
10	effective date of the allocation provision of the declaratory
11	resolution, as adjusted under subsection (h).
12	(5) If an allocation area established in an economic development
13	area before July 1, 1995, is expanded after June 30, 1995, the
14	definition in subdivision (1) applies to the expanded part of the
15	area added after June 30, 1995.
16	(6) If an allocation area established in a redevelopment project
17	area before July 1, 1997, is expanded after June 30, 1997, the
18	definition in subdivision (2) applies to the expanded part of the
19	area added after June 30, 1997.
20	Except as provided in section 26.2 of this chapter, "property taxes"
21	means taxes imposed under IC 6-1.1 on real property. However, upon
22	approval by a resolution of the redevelopment commission adopted
23	before June 1, 1987, "property taxes" also includes taxes imposed
24	under IC 6-1.1 on depreciable personal property. If a redevelopment
25	commission adopted before June 1, 1987, a resolution to include within
26	the definition of property taxes taxes imposed under IC 6-1.1 on
27	depreciable personal property that has a useful life in excess of eight
28	(8) years, the commission may by resolution determine the percentage
29	of taxes imposed under IC 6-1.1 on all depreciable personal property
30	that will be included within the definition of property taxes. However,
31	the percentage included must not exceed twenty-five percent (25%) of
32	the taxes imposed under IC 6-1.1 on all depreciable personal property.
33	(b) A resolution adopted under section 8 of this chapter on or before
34	the allocation deadline determined under subsection (i) may include a
35	provision with respect to the allocation and distribution of property
36	taxes for the purposes and in the manner provided in this section. A
37	resolution previously adopted may include an allocation provision by
38	the amendment of that resolution on or before the allocation deadline
39	determined under subsection (i) in accordance with the procedures

required for its original adoption. A declaratory resolution or an

amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an

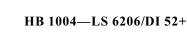


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1	allocation area established before July 1, 2008, the expiration date may
2	not be more than thirty (30) years after the date on which the allocation
3	provision is established. For an allocation area established after June
4	30, 2008, the expiration date may not be more than twenty-five (25)
5	years after the date on which the first obligation was incurred to pay
6	principal and interest on bonds or lease rentals on leases payable from
7	tax increment revenues. However, with respect to bonds or other
8	obligations that were issued before July 1, 2008, if any of the bonds or
9	other obligations that were scheduled when issued to mature before the
10	specified expiration date and that are payable only from allocated tax
11	proceeds with respect to the allocation area remain outstanding as of
12	the expiration date, the allocation provision does not expire until all of
13	the bonds or other obligations are no longer outstanding. The allocation
14	provision may apply to all or part of the redevelopment project area.
15	The allocation provision must require that any property taxes
16	subsequently levied by or for the benefit of any public body entitled to
17	a distribution of property taxes on taxable property in the allocation
18	area be allocated and distributed as follows:
19	(1) Except as otherwise provided in this section, the proceeds of
20	the taxes attributable to the lesser of:
21	(A) the assessed value of the property for the assessment date
22	with respect to which the allocation and distribution is made;
23	or
24	(B) the base assessed value;

- shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:
 - (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.













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1	(D) Pay the principal of and interest on bonds issued by the
2	consolidated city to pay for local public improvements that are
3	physically located in or physically connected to that allocation
4	area.
5	(E) Pay premiums on the redemption before maturity of bonds
6	payable solely or in part from allocated tax proceeds in that
7	allocation area.
8	(F) Make payments on leases payable from allocated tax
9	proceeds in that allocation area under section 17.1 of this
10	chapter.
11	(G) Reimburse the consolidated city for expenditures for local
12	public improvements (which include buildings, parking
13	facilities, and other items set forth in section 17 of this
14	chapter) that are physically located in or physically connected
15	to that allocation area.
16	(H) Reimburse the unit for rentals paid by it for a building or
17	parking facility that is physically located in or physically
18	connected to that allocation area under any lease entered into
19	under IC 36-1-10.
20	(I) Reimburse public and private entities for expenses incurred
21	in training employees of industrial facilities that are located:
22	(i) in the allocation area; and
23	(ii) on a parcel of real property that has been classified as
24	industrial property under the rules of the department of local
25	government finance.
26	However, the total amount of money spent for this purpose in
27	any year may not exceed the total amount of money in the
28	allocation fund that is attributable to property taxes paid by the
29	industrial facilities described in this clause. The
30	reimbursements under this clause must be made within three
31	(3) years after the date on which the investments that are the
32	basis for the increment financing are made.
33	(J) Pay the costs of carrying out an eligible efficiency project
34	(as defined in IC 36-9-41-1.5) within the unit that established
35	the redevelopment commission. However, property tax
36	proceeds may be used under this clause to pay the costs of
37	carrying out an eligible efficiency project only if those
38	property tax proceeds exceed the amount necessary to do the
39	following:
40	(i) Make, when due, any payments required under clauses
41	(A) through (I), including any payments of principal and

interest on bonds and other obligations payable under this



1	subdivision, any payments of premiums under this
2	subdivision on the redemption before maturity of bonds, and
3	any payments on leases payable under this subdivision.
4	(ii) Make any reimbursements required under this
5	subdivision.
6	(iii) Pay any expenses required under this subdivision.
7	(iv) Establish, augment, or restore any debt service reserve
8	under this subdivision.
9	The special fund may not be used for operating expenses of the
10	commission.
11	(3) Before July 15 of each year, the commission shall do the
12	following:
13	(A) Determine the amount, if any, by which the assessed value
14	of the taxable property in the allocation area for the most
15	recent assessment date minus the base assessed value, when
16	multiplied by the estimated tax rate of the allocation area, will
17	exceed the amount of assessed value needed to provide the
18	property taxes necessary to make, when due, principal and
19	interest payments on bonds described in subdivision (2) plus
20	the amount necessary for other purposes described in
21	subdivision (2) and subsection (g).
22	(B) Provide a written notice to the county auditor, the
23	legislative body of the consolidated city, and the officers who
24	are authorized to fix budgets, tax rates, and tax levies under
25	IC 6-1.1-17-5 for each of the other taxing units that is wholly
26	or partly located within the allocation area. The notice must:
27	(i) state the amount, if any, of excess assessed value that the
28	commission has determined may be allocated to the
29	respective taxing units in the manner prescribed in
30	subdivision (1); or
31	(ii) state that the commission has determined that there is no
32	excess assessed value that may be allocated to the respective
33	taxing units in the manner prescribed in subdivision (1).
34	The county auditor shall allocate to the respective taxing units
35	the amount, if any, of excess assessed value determined by the
36	commission. The commission may not authorize an allocation
37	to the respective taxing units under this subdivision if to do so
38	would endanger the interests of the holders of bonds described
39	in subdivision (2).
40	(c) For the purpose of allocating taxes levied by or for any taxing
41	unit or units, the assessed value of taxable property in a territory in the

allocation area that is annexed by any taxing unit after the effective



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1	date of the allocation provision of the resolution is the lesser of:
2	(1) the assessed value of the property for the assessment date with
3	respect to which the allocation and distribution is made; or
4	(2) the base assessed value.
5	(d) Property tax proceeds allocable to the redevelopment district
6	under subsection (b)(2) may, subject to subsection (b)(3), be
7	irrevocably pledged by the redevelopment district for payment as set
8	forth in subsection (b)(2).
9	(e) Notwithstanding any other law, each assessor shall, upon
10	petition of the commission, reassess the taxable property situated upon
11	or in, or added to, the allocation area, effective on the next assessment
12	date after the petition.
13	(f) Notwithstanding any other law, the assessed value of all taxable
14	property in the allocation area, for purposes of tax limitation, property
15	tax replacement, and formulation of the budget, tax rate, and tax levy
16	for each political subdivision in which the property is located is the
17	lesser of:
18	(1) the assessed value of the property as valued without regard to
19	this section; or
20	(2) the base assessed value.
21	(g) If any part of the allocation area is located in an enterprise zone
22	created under IC 5-28-15, the unit that designated the allocation area
23	shall create funds as specified in this subsection. A unit that has
24	obligations, bonds, or leases payable from allocated tax proceeds under

- subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:
 - (1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in



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- 42 the enterprise zone. The programs must reserve at least one-half 2 (1/2) of the enrollment in any session for residents of the 3 enterprise zone. 4 (2) To make loans and grants for the purpose of stimulating 5 business activity in the enterprise zone or providing employment 6 for enterprise zone residents in the enterprise zone. These loans 7 and grants may be made to the following: 8 (A) Businesses operating in the enterprise zone. 9 (B) Businesses that will move their operations to the enterprise 10 zone if such a loan or grant is made. (3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in 12 13
 - of the allocation area that is also located in the enterprise zone. (h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

subsection (b)(2) to the allocation area, the reference refers for

purposes of payments from the special zone fund only to that part

- (i) The allocation deadline referred to in subsection (b) is determined in the following manner:
 - (1) The initial allocation deadline is December 31, 2011.
 - (2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.



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1	(3) At least one (1) year before the date of an allocation deadline
2	determined under subdivision (2), the general assembly may enact
3	a law that:
4	(A) terminates the automatic extension of allocation deadlines
5	under subdivision (2); and
6	(B) specifically designates a particular date as the final
7	allocation deadline.
8	SECTION 22. IC 36-7-15.1-53, AS AMENDED BY
9	P.L.182-2009(ss), SECTION 407, IS AMENDED TO READ AS
10	FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 53. (a) As used in this
11	section:
12	"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section
13 14	40 of this chapter refers for purposes of distribution and allocation of
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16	property taxes. "Base assessed value" means:
17	(1) the net assessed value of all the property as finally determined
18	for the assessment date immediately preceding the effective date
19	of the allocation provision of the declaratory resolution, as
20	adjusted under subsection (h); plus
21	(2) to the extent that it is not included in subdivision (1), the net
22	assessed value of property that is assessed as residential property
23	under the rules of the department of local government finance, as
24	finally determined for any assessment date after the effective date
25	of the allocation provision.
26	Except as provided in section 55 of this chapter, "property taxes"
27	means taxes imposed under IC 6-1.1 on real property.
28	(b) A resolution adopted under section 40 of this chapter on or
29	before the allocation deadline determined under subsection (i) may
30	include a provision with respect to the allocation and distribution of
31	property taxes for the purposes and in the manner provided in this
32	section. A resolution previously adopted may include an allocation
33	provision by the amendment of that resolution on or before the
34	allocation deadline determined under subsection (i) in accordance with
35	the procedures required for its original adoption. A declaratory
36	resolution or an amendment that establishes an allocation provision
37	must be approved by resolution of the legislative body of the excluded
38	city and must specify an expiration date for the allocation provision.
39	For an allocation area established before July 1, 2008, the expiration

date may not be more than thirty (30) years after the date on which the

allocation provision is established. For an allocation area established

after June 30, 2008, the expiration date may not be more than



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1	twenty-five (25) years after the date on which the first obligation was
2	incurred to pay principal and interest on bonds or lease rentals on
3	leases payable from tax increment revenues. However, with respect to
4	bonds or other obligations that were issued before July 1, 2008, if any
5	of the bonds or other obligations that were scheduled when issued to
6	mature before the specified expiration date and that are payable only
7	from allocated tax proceeds with respect to the allocation area remain
8	outstanding as of the expiration date, the allocation provision does not
9	expire until all of the bonds or other obligations are no longer
10	outstanding. The allocation provision may apply to all or part of the
11	redevelopment project area. The allocation provision must require that
12	any property taxes subsequently levied by or for the benefit of any
13	public body entitled to a distribution of property taxes on taxable
14	property in the allocation area be allocated and distributed as follows:
15	(1) Except as otherwise provided in this section, the proceeds of
16	the taxes attributable to the lesser of:
17	(A) the assessed value of the property for the assessment date
18	with respect to which the allocation and distribution is made;
19	or
20	(B) the base assessed value;
21	shall be allocated to and, when collected, paid into the funds of

the respective taxing units.

- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:
 - (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.
 - (D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements that are physically located in or physically connected to that allocation area.



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1	(E) Doy many jums on the nedometical before motivate of bonds
1 2	(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that
3	allocation area.
4	(F) Make payments on leases payable from allocated tax
5	proceeds in that allocation area under section 46 of this
6	chapter.
7	(G) Reimburse the excluded city for expenditures for local
8	public improvements (which include buildings, park facilities,
9	and other items set forth in section 45 of this chapter) that are
10	physically located in or physically connected to that allocation
11	area.
12	(H) Reimburse the unit for rentals paid by it for a building or
13	parking facility that is physically located in or physically
14	connected to that allocation area under any lease entered into
15	under IC 36-1-10.
16	(I) Reimburse public and private entities for expenses incurred
17	in training employees of industrial facilities that are located:
18	(i) in the allocation area; and
19	(ii) on a parcel of real property that has been classified as
20	industrial property under the rules of the department of local
21	government finance.
22	However, the total amount of money spent for this purpose in
23	any year may not exceed the total amount of money in the
24	allocation fund that is attributable to property taxes paid by the
25	industrial facilities described in this clause. The
26	reimbursements under this clause must be made within three
27	(3) years after the date on which the investments that are the
28	basis for the increment financing are made.
29	The special fund may not be used for operating expenses of the
30	commission.
31	(3) Before July 15 of each year, the commission shall do the
32	following:
33	(A) Determine the amount, if any, by which the assessed value
34	of the taxable property in the allocation area for the most
35	recent assessment date minus the base assessed value, when
36	multiplied by the estimated tax rate of the allocation area, will
37	exceed the amount of assessed value needed to provide the
38	property taxes necessary to make, when due, principal and
39	interest payments on bonds described in subdivision (2) plus
40	the amount necessary for other purposes described in
41	subdivision (2) and subsection (g).

(B) Provide a written notice to the county auditor, the fiscal



body of the county or municipality that established the
department of redevelopment, and the officers who are
authorized to fix budgets, tax rates, and tax levies under
IC 6-1.1-17-5 for each of the other taxing units that is wholly
or partly located within the allocation area. The notice must:
(i) state the amount, if any, of excess assessed value that the
commission has determined may be allocated to the
respective taxing units in the manner prescribed in
subdivision (1); or
(ii) state that the commission has determined that there is no
excess assessed value that may be allocated to the respective
taxing units in the manner prescribed in subdivision (1).
The county auditor shall allocate to the respective taxing units
the amount, if any, of excess assessed value determined by the
commission. The commission may not authorize an allocation
to the respective taxing units under this subdivision if to do so
would endanger the interests of the holders of bonds described
in subdivision (2).
(c) For the purpose of allocating taxes levied by or for any taxing
unit or units, the assessed value of taxable property in a territory in the
allocation area that is annexed by any taxing unit after the effective
date of the allocation provision of the resolution is the lesser of:
(1) the assessed value of the property for the assessment date with
respect to which the allocation and distribution is made; or
(2) the base assessed value.
(d) Property tax proceeds allocable to the redevelopment district
under subsection (b)(2) may, subject to subsection (b)(3), be
irrevocably pledged by the redevelopment district for payment as set
forth in subsection (b)(2).
(e) Notwithstanding any other law, each assessor shall, upon
petition of the commission, reassess the taxable property situated upon
or in, or added to, the allocation area, effective on the next assessment
date after the petition.
(f) Notwithstanding any other law, the assessed value of all taxable
property in the allocation area, for purposes of tax limitation, property
tax replacement, and formulation of the budget, tax rate, and tax levy
for each political subdivision in which the property is located, is the
lesser of:
(1) the assessed value of the property as valued without regard to
this section; or
(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone



created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

- (1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.
- (2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:
 - (A) Businesses operating in the enterprise zone.
 - (B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.
- (3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.
- (h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the













1	property tax proceeds allocated to the redevelopment district under this
2	section. After each annual adjustment under IC 6-1.1-4-4.5, the
3	department of local government finance shall adjust the base assessed
4	value to neutralize any effect of the annual adjustment on the property
5	tax proceeds allocated to the redevelopment district under this section.
6	However, the adjustments under this subsection may not include the
7	effect of property tax abatements under IC 6-1.1-12.1, and these
8	adjustments may not produce less property tax proceeds allocable to
9	the redevelopment district under subsection (b)(2) than would
10	otherwise have been received if the general reassessment or annual
11	adjustment had not occurred. The department of local government
12	finance may prescribe procedures for county and township officials to
13	follow to assist the department in making the adjustments.
14	(i) The allocation deadline referred to in subsection (b) is
15	determined in the following manner:
16	(1) The initial allocation deadline is December 31, 2011.
17	(2) Subject to subdivision (3), the initial allocation deadline and
18	subsequent allocation deadlines are automatically extended in
19	increments of five (5) years, so that allocation deadlines
20	subsequent to the initial allocation deadline fall on December 31,
21	2016, and December 31 of each fifth year thereafter.
22	(3) At least one (1) year before the date of an allocation deadline
23	determined under subdivision (2), the general assembly may enact
24	a law that:
25	(A) terminates the automatic extension of allocation deadlines
26	under subdivision (2); and
27	(B) specifically designates a particular date as the final
28	allocation deadline.
29	SECTION 23. IC 36-7-30-25, AS AMENDED BY P.L.146-2008,
30	SECTION 770, IS AMENDED TO READ AS FOLLOWS
31	[EFFECTIVE JULY 1, 2010]: Sec. 25. (a) The following definitions
32	apply throughout this section:
33	(1) "Allocation area" means that part of a military base reuse area
34	to which an allocation provision of a declaratory resolution
35	adopted under section 10 of this chapter refers for purposes of
36	distribution and allocation of property taxes.
37	(2) "Base assessed value" means:
38	(A) the net assessed value of all the property as finally
39	determined for the assessment date immediately preceding the
40	adoption date of the allocation provision of the declaratory
41	resolution, as adjusted under subsection (h); plus
TI	resolution, as adjusted ander subsection (11), plus

(B) to the extent that it is not included in clause (A) or (C), the



1	net assessed value of any and all parcels or classes of parcels	
2	identified as part of the base assessed value in the declaratory	
3	resolution or an amendment thereto, as finally determined for	
4	any subsequent assessment date; plus	
5	(C) to the extent that it is not included in clause (A) or (B), the	
6	net assessed value of property that is assessed as residential	
7	property under the rules of the department of local government	
8	finance, as finally determined for any assessment date after the	
9	effective date of the allocation provision.	
10	Clause (C) applies only to allocation areas established in a	
11	military reuse area after June 30, 1997, and to the part of an	
12	allocation area that was established before June 30, 1997, and that	
13	is added to an existing allocation area after June 30, 1997.	
14	(3) "Property taxes" means taxes imposed under IC 6-1.1 on real	
15	property.	
16	(b) A declaratory resolution adopted under section 10 of this chapter	
17	before the date set forth in IC 36-7-14-39(b) pertaining to declaratory	
18	resolutions adopted under IC 36-7-14-15 may include a provision with	
19	respect to the allocation and distribution of property taxes for the	
20	purposes and in the manner provided in this section. A declaratory	
21	resolution previously adopted may include an allocation provision by	
22	the amendment of that declaratory resolution in accordance with the	
23	procedures set forth in section 13 of this chapter. The allocation	
24	provision may apply to all or part of the military base reuse area. The	
25	allocation provision must require that any property taxes subsequently	
26	levied by or for the benefit of any public body entitled to a distribution	-
27	of property taxes on taxable property in the allocation area be allocated	· ·
28	and distributed as follows:	
29	(1) Except as otherwise provided in this section, the proceeds of	
30	the taxes attributable to the lesser of:	
31	(A) the assessed value of the property for the assessment date	
32	with respect to which the allocation and distribution is made;	
33	or	
34	(B) the base assessed value;	
35	shall be allocated to and, when collected, paid into the funds of	
36	the respective taxing units.	
37	(2) Except as otherwise provided in this section, property tax	
38	proceeds in excess of those described in subdivision (1) shall be	
39	allocated to the military base reuse district and, when collected,	
40	paid into an allocation fund for that allocation area that may be	

used by the military base reuse district and only to do one (1) or



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more of the following:

1	(A) Pay the principal of and interest and redemption premium	
2	on any obligations incurred by the military base reuse district	
3	or any other entity for the purpose of financing or refinancing	
4	military base reuse activities in or directly serving or	
5	benefiting that allocation area.	
6	(B) Establish, augment, or restore the debt service reserve for	
7	bonds payable solely or in part from allocated tax proceeds in	
8	that allocation area or from other revenues of the reuse	
9	authority, including lease rental revenues.	
10	(C) Make payments on leases payable solely or in part from	
11	allocated tax proceeds in that allocation area.	
12	(D) Reimburse any other governmental body for expenditures	
13	made for local public improvements (or structures) in or	
14	directly serving or benefiting that allocation area.	
15	(E) For property taxes first due and payable before 2009, pay	
16	all or a part of a property tax replacement credit to taxpayers	
17	in an allocation area as determined by the reuse authority. This	
18	credit equals the amount determined under the following	
19	STEPS for each taxpayer in a taxing district (as defined in	
20	IC 6-1.1-1-20) that contains all or part of the allocation area:	
21	STEP ONE: Determine that part of the sum of the amounts	
22	under IC $6-1.1-21-2(g)(1)(A)$, IC $6-1.1-21-2(g)(2)$,	
23	IC $6-1.1-21-2(g)(3)$, IC $6-1.1-21-2(g)(4)$, and	
24	IC $6-1.1-21-2(g)(5)$ that is attributable to the taxing district.	
25	STEP TWO: Divide:	
26	(i) that part of each county's eligible property tax	
27	replacement amount (as defined in IC 6-1.1-21-2) for that	•
28	year as determined under IC 6-1.1-21-4 that is attributable	
29	to the taxing district; by	1
30	(ii) the STEP ONE sum.	
31	STEP THREE: Multiply:	
32	(i) the STEP TWO quotient; times	
33	(ii) the total amount of the taxpayer's taxes (as defined in	
34	IC 6-1.1-21-2) levied in the taxing district that have been	
35	allocated during that year to an allocation fund under this	
36	section.	
37	If not all the taxpayers in an allocation area receive the credit	
38	in full, each taxpayer in the allocation area is entitled to	
39	receive the same proportion of the credit. A taxpayer may not	
40	receive a credit under this section and a credit under section	
41	27 of this chapter (before its repeal) in the same year.	
42	(F) Pay expenses incurred by the reuse authority for local	



1	public improvements or structures that were in the allocation	
2	area or directly serving or benefiting the allocation area.	
3	(G) Reimburse public and private entities for expenses	
4	incurred in training employees of industrial facilities that are	
5	located:	
6	(i) in the allocation area; and	
7	(ii) on a parcel of real property that has been classified as	
8	industrial property under the rules of the department of local	
9	government finance.	
10	However, the total amount of money spent for this purpose in	
11	any year may not exceed the total amount of money in the	
12	allocation fund that is attributable to property taxes paid by the	
13	industrial facilities described in this clause. The	
14	reimbursements under this clause must be made not more than	
15	three (3) years after the date on which the investments that are	_
16	the basis for the increment financing are made.	
17	The allocation fund may not be used for operating expenses of the	
18	reuse authority.	
19	(3) Except as provided in subsection (g), before July 15 of each	
20	year the reuse authority shall do the following:	
21	(A) Determine the amount, if any, by which property taxes	
22	payable to the allocation fund in the following year will exceed	0
23	the amount of property taxes necessary to make, when due,	
24	principal and interest payments on bonds described in	_
25	subdivision (2) plus the amount necessary for other purposes	
26	described in subdivision (2).	
27	(B) Provide a written notice to the county auditor, the fiscal	
28	body of the unit that established the reuse authority, and the	Y
29	officers who are authorized to fix budgets, tax rates, and tax	
30	levies under IC 6-1.1-17-5 for each of the other taxing units	
31	that is wholly or partly located within the allocation area. The	
32	notice must:	
33	(i) state the amount, if any, of excess property taxes that the	
34	reuse authority has determined may be paid to the respective	
35	taxing units in the manner prescribed in subdivision (1); or	
36	(ii) state that the reuse authority has determined that there	
37	are no excess property tax proceeds that may be allocated to	
38	the respective taxing units in the manner prescribed in	
39	subdivision (1).	
40	The county auditor shall allocate to the respective taxing units	
41	the amount, if any, of excess property tax proceeds determined	
42	by the reuse authority. The reuse authority may not authorize	



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1	a payment to the respective taxing units under this subdivision
2	if to do so would endanger the interest of the holders of bonds
3	described in subdivision (2) or lessors under section 19 of this
4	chapter. Property taxes received by a taxing unit under this
5	subdivision before 2009 are eligible for the property tax
6	replacement credit provided under IC 6-1.1-21.
7	(c) For the purpose of allocating taxes levied by or for any taxing
8	unit or units, the assessed value of taxable property in a territory in the
9	allocation area that is annexed by a taxing unit after the effective date
10	of the allocation provision of the declaratory resolution is the lesser of:
11	(1) the assessed value of the property for the assessment date with
12	respect to which the allocation and distribution is made; or
13	(2) the base assessed value.
14	(d) Property tax proceeds allocable to the military base reuse district
15	under subsection (b)(2) may, subject to subsection (b)(3), be
16	irrevocably pledged by the military base reuse district for payment as
17	set forth in subsection (b)(2).
18	(e) Notwithstanding any other law, each assessor shall, upon
19	petition of the reuse authority, reassess the taxable property situated
20	upon or in or added to the allocation area, effective on the next
21	assessment date after the petition.
22	(f) Notwithstanding any other law, the assessed value of all taxable
23	property in the allocation area, for purposes of tax limitation, property
24	tax replacement, and the making of the budget, tax rate, and tax levy

lesser of: (1) the assessed value of the property as valued without regard to this section; or

for each political subdivision in which the property is located is the

- (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such



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current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 24. IC 36-7-30.5-30, AS AMENDED BY P.L.146-2008, SECTION 772, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 30. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base development area to which an allocation provision of a declaratory resolution adopted under section 16 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:



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1	(A) the net assessed value of all the property as finally
2	determined for the assessment date immediately preceding the
3	adoption date of the allocation provision of the declaratory
4	resolution, as adjusted under subsection (h); plus
5	(B) to the extent that it is not included in clause (A) or (C), the
6	net assessed value of any and all parcels or classes of parcels
7	identified as part of the base assessed value in the declaratory
8	resolution or an amendment to the declaratory resolution, as
9	finally determined for any subsequent assessment date; plus
10	(C) to the extent that it is not included in clause (A) or (B), the
11	net assessed value of property that is assessed as residential
12	property under the rules of the department of local government
13	finance, as finally determined for any assessment date after the
14	effective date of the allocation provision.
15	(3) "Property taxes" means taxes imposed under IC 6-1.1 on real
16	property.
17	(b) A declaratory resolution adopted under section 16 of this chapter
18	before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
19	resolutions adopted under IC 36-7-14-15 may include a provision with
20	respect to the allocation and distribution of property taxes for the
21	purposes and in the manner provided in this section. A declaratory
22	resolution previously adopted may include an allocation provision by
23	the amendment of that declaratory resolution in accordance with the
24	procedures set forth in section 18 of this chapter. The allocation
25	provision may apply to all or part of the military base development
26	area. The allocation provision must require that any property taxes
27	subsequently levied by or for the benefit of any public body entitled to
28	a distribution of property taxes on taxable property in the allocation
29	area be allocated and distributed as follows:
30	(1) Except as otherwise provided in this section, the proceeds of
31	the taxes attributable to the lesser of:
32	(A) the assessed value of the property for the assessment date
33	with respect to which the allocation and distribution is made;
34	or
35	(B) the base assessed value;
36	shall be allocated to and, when collected, paid into the funds of
37	the respective taxing units.
38	(2) Except as otherwise provided in this section, property tax
39	proceeds in excess of those described in subdivision (1) shall be
40	allocated to the development authority and, when collected, paid

into an allocation fund for that allocation area that may be used by

the development authority and only to do one (1) or more of the



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1	following:
2	(A) Pay the principal of and interest and redemption premium
3	on any obligations incurred by the development authority or
4	any other entity for the purpose of financing or refinancing
5	military base development or reuse activities in or directly
6	serving or benefitting that allocation area.
7	(B) Establish, augment, or restore the debt service reserve for
8	bonds payable solely or in part from allocated tax proceeds in
9	that allocation area or from other revenues of the development
10	authority, including lease rental revenues.
11	(C) Make payments on leases payable solely or in part from
12	allocated tax proceeds in that allocation area.
13	(D) Reimburse any other governmental body for expenditures
14	made for local public improvements (or structures) in or
15	directly serving or benefitting that allocation area.
16	(E) For property taxes first due and payable before 2009, pay
17	all or a part of a property tax replacement credit to taxpayers
18	in an allocation area as determined by the development
19	authority. This credit equals the amount determined under the
20	following STEPS for each taxpayer in a taxing district (as
21	defined in IC 6-1.1-1-20) that contains all or part of the
22	allocation area:
23	STEP ONE: Determine that part of the sum of the amounts
24	under IC $6-1.1-21-2(g)(1)(A)$, IC $6-1.1-21-2(g)(2)$,
25	IC $6-1.1-21-2(g)(3)$, IC $6-1.1-21-2(g)(4)$, and
26	IC $6-1.1-21-2(g)(5)$ that is attributable to the taxing district.
27	STEP TWO: Divide:
28	(i) that part of each county's eligible property tax
29	replacement amount (as defined in IC 6-1.1-21-2) for that
30	year as determined under IC 6-1.1-21-4 that is attributable
31	to the taxing district; by
32	(ii) the STEP ONE sum.
33	STEP THREE: Multiply:
34	(i) the STEP TWO quotient; by
35	(ii) the total amount of the taxpayer's taxes (as defined in
36	IC 6-1.1-21-2) levied in the taxing district that have been
37	allocated during that year to an allocation fund under this
38	section.
39	If not all the taxpayers in an allocation area receive the credit
40	in full, each taxpayer in the allocation area is entitled to
41	receive the same proportion of the credit. A taxpayer may not
42	receive a credit under this section and a credit under section

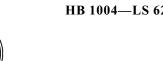


1	32 of this chapter (before its repeal) in the same year.
2	(F) Pay expenses incurred by the development authority for
3	local public improvements or structures that were in the
4	allocation area or directly serving or benefitting the allocation
5	area.
6	(G) Reimburse public and private entities for expenses
7	incurred in training employees of industrial facilities that are
8	located:
9	(i) in the allocation area; and
10	(ii) on a parcel of real property that has been classified as
11	industrial property under the rules of the department of local
12	government finance.
13	However, the total amount of money spent for this purpose in
14	any year may not exceed the total amount of money in the
15	allocation fund that is attributable to property taxes paid by the
16	industrial facilities described in this clause. The
17	reimbursements under this clause must be made not more than
18	three (3) years after the date on which the investments that are
19	the basis for the increment financing are made.
20	The allocation fund may not be used for operating expenses of the
21	development authority.
22	(3) Except as provided in subsection (g), before July 15 of each
23	year the development authority shall do the following:
24	(A) Determine the amount, if any, by which property taxes
25	payable to the allocation fund in the following year will exceed
26	the amount of property taxes necessary to make, when due
27	principal and interest payments on bonds described in
28	subdivision (2) plus the amount necessary for other purposes
29	described in subdivision (2).
30	(B) Provide a written notice to the appropriate county auditors
31	and the fiscal bodies and other officers who are authorized to
32	fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
33	each of the other taxing units that is wholly or partly located
34	within the allocation area. The notice must:
35	(i) state the amount, if any, of the excess property taxes that
36	the development authority has determined may be paid to
37	the respective taxing units in the manner prescribed in
38	subdivision (1); or
39	(ii) state that the development authority has determined that
40	there is no excess assessed value that may be allocated to the
41	respective taxing units in the manner prescribed in
42	subdivision (1).



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The county auditors shall allocate to the respective taxing units
the amount, if any, of excess assessed value determined by the
development authority. The development authority may not
authorize a payment to the respective taxing units under this
subdivision if to do so would endanger the interest of the
holders of bonds described in subdivision (2) or lessors under
section 24 of this chapter. Property taxes received by a taxing
unit under this subdivision before 2009 are eligible for the
property tax replacement credit provided under IC 6-1.1-21.
(c) For the purpose of allocating taxes levied by or for any taxing
unit or units, the assessed value of taxable property in a territory in the
allocation area that is annexed by a taxing unit after the effective date
of the allocation provision of the declaratory resolution is the lesser of
(1) the assessed value of the property for the assessment date with
respect to which the allocation and distribution is made; or
(2) the base assessed value.
(d) Property tax proceeds allocable to the military base development

- district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base development district for payment as set forth in subsection (b)(2). (e) Notwithstanding any other law, each assessor shall, upon
- petition of the development authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.
- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the development authority shall create funds as specified in this subsection. A development authority that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. The development authority shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise











zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A development authority that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The development authority that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or for other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to an allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base development district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base development district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base development district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 25. IC 36-7-32-19, AS AMENDED BY P.L.154-2006, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 19. (a) The state board of accounts and department of local government finance shall make the rules and

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1	prescribe the forms and procedures that the state board of accounts and
2	department of local government finance consider appropriate for the
3	implementation of an allocation area under this chapter.
4	(b) After each general reassessment under IC 6-1.1-4, the
5	department of local government finance shall adjust the base assessed
6	value one (1) time to neutralize any effect of the general reassessment
7	on the property tax proceeds allocated to the certified technology park
8	fund under section 17 of this chapter. After each annual adjustment
9	under IC 6-1.1-4-4.5, the department of local government finance shall
10	adjust the base assessed value to neutralize any effect of the annual
11	adjustment on the property tax proceeds allocated to the certified
12	technology park fund under section 17 of this chapter.
13	SECTION 26. [EFFECTIVE JANUARY 1, 2010
14	(RETROACTIVE)] The provisions of this act are severable, so that
15	if:
16	(1) any provision of this act; or
17	(2) the application of this act to any person or circumstances;
18	is held invalid, the invalidity does not affect other provisions or
19	applications of this act that can be given effect without the invalid
20	provision or application.
21	SECTION 27. An emergency is declared for this act.
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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1004 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 20, nays 4.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1004 be amended to read as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert: "SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.136-2009, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for:

- (1) annually adjusting the assessed value of real property for assessment dates that precede 2012; and
- (2) adjusting the assessed value of real property for:
 - (A) the assessment date in 2014; and
- (B) the assessment date in every second year after 2014; to account for changes in value in those years since a general reassessment of property last took effect.
- (b) Subject to subsection (e), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not in the years designated in subsection (a) other than a year in which a reassessment becomes effective.
- (c) The rules adopted under subsection (a) must include the following characteristics in the system:
 - (1) Promote uniform and equal assessment of real property within and across classifications.
 - (2) Require that assessing officials:
 - (A) reevaluate the factors that affect value;

HB 1004—LS 6206/DI 52+









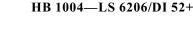
- (B) express the interactions of those factors mathematically;
- (C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and
- (D) provide notice to taxpayers of an assessment increase that results from the application of annual adjustments.
- (3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.
- (d) The department of local government finance must review and certify each annual adjustment determined under this section.
- (e) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (a) for property taxes first due and payable after 2010, the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology to:
 - (1) use a six (6) year rolling average adjusted under subdivision
 - (2) instead of a four (4) year rolling average; and
 - (2) eliminate in the calculation of the rolling average:
 - (A) the year among the six (6) years for which the highest market value in use of agricultural land is determined; and (B) the year among the six (6) years for which the lowest market value in use of agricultural land is determined.
- (f) For assessment dates after December 31, 2009, an adjustment in the assessed value of real property under this section shall be based on the estimated true tax value of the property on the assessment date that is the basis for taxes payable on that real property.

SECTION 2. IC 6-1.1-4-4.6, AS ADDED BY P.L.182-2009(ss), SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 4.6. (a) If a county assessor fails before July 2 of a particular year **for which an adjustment to the assessed value of real property applies under section 4.5 of this chapter** to prepare and deliver to the county auditor a complete detailed list of all of the real property listed for taxation in the county as required by IC 6-1.1-5-14 and at least one hundred eighty (180) days have elapsed after the July 1 deadline specified in IC 6-1.1-5-14 for delivering the list, the department of local government finance may develop annual adjustment factors under this section for that year. In developing annual adjustment factors under this section, the department of local government finance shall use data in its possession that is obtained











from:

- (1) the county assessor; or
- (2) any of the sources listed in the rule, including county or state sales data, government studies, ratio studies, cost and depreciation tables, and other market analyses.
- (b) Using the data described in subsection (a), the department of local government finance shall propose to establish annual adjustment factors for the affected tax districts for one (1) or more of the classes of real property. The proposal may provide for the equalization of annual adjustment factors in the affected township or county and in adjacent areas. The department of local government finance shall issue notice and provide opportunity for hearing in accordance with IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing final annual adjustment factors.
- (c) The annual adjustment factors finally determined by the department of local government finance after the hearing required under subsection (b) apply to the annual adjustment of real property under section 4.5 of this chapter for:
 - (1) the assessment date; and
 - (2) the real property;

specified in the final determination of the department of local government finance.

SECTION 3. IC 6-1.1-4-16, AS AMENDED BY P.L.146-2008, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 16. (a) For purposes of making a general reassessment of real property or annual adjustments under section 4.5 of this chapter, a township assessor (if any) and a county assessor may employ:

- (1) deputies;
- (2) employees; and
- (3) technical advisors who are:
 - (A) qualified to determine real property values;
 - (B) professional appraisers certified under 50 IAC 15; and
 - (C) employed either on a full-time or a part-time basis, subject to sections 18.5 and 19.5 of this chapter.
- (b) The county council of each county shall appropriate the funds necessary for the employment of deputies, employees, or technical advisors employed under subsection (a) of this section.

SECTION 4. IC 6-1.1-4-27.5, AS AMENDED BY P.L.146-2008, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all

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collections resulting from the property taxes that the county levies for the county's property reassessment fund.

- (b) With respect to the general reassessment of real property that is to commence on July 1, 2009, the county council of each county shall, for property taxes due in 2006, 2007, 2008, and 2009, levy in each year against all the taxable property in the county an amount equal to one-fourth (1/4) of the remainder of:
 - (1) the estimated costs referred to in section 28.5(a) of this chapter; minus
 - (2) the amount levied under this section by the county council for property taxes due in 2004 and 2005.
- (c) With respect to a general reassessment of real property that is to commence on July 1, 2014, and each fifth year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the four (4) years preceding that year, levy against all the taxable property in the county an amount equal to one-fifth (1/5) of the estimated costs of the general reassessment under section 28.5 of this chapter.
- (d) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year.
- (e) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of:
 - (1) a general reassessment; or
- (2) making annual adjustments under section 4.5 of this chapter; has changed.
- (f) The county assessor may petition the county fiscal body to increase the levy under subsection (b) or (c) to pay for the costs of:
 - (1) a general reassessment;
 - (2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to the county assessor under IC 6-1.1-5.5-3; or
 - (3) processing annual adjustments under section 4.5 of this chapter.

The assessor must document the needs and reasons for the increased funding.

- (g) If the county fiscal body denies a petition under subsection (f), the county assessor may appeal to the department of local government finance. The department of local government finance shall:
 - (1) hear the appeal; and
 - (2) determine whether the additional levy is necessary. SECTION 5. IC 6-1.1-4-28.5, AS AMENDED BY P.L.146-2008,

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SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 28.5. (a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

- (1) the general reassessment of real property, including the computerization of assessment records;
- (2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;
- (3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
- (4) the updating of plat books;
- (5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;
- (6) making annual adjustments under section 4.5 of this chapter; and
- (7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:
 - (A) the county assessor; or
- (B) township assessors (if any); under IC 6-1.1-5.5-3.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section.

- (b) All counties shall use modern, detailed soil maps in the general reassessment of agricultural land.
- (c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund. Any interest received from investment of the money shall be paid into the property reassessment fund.
- (d) An appropriation under this section must be approved by the fiscal body of the county after the review and recommendation of the county assessor. However, in a county with a township assessor in every township, the county assessor does not review an appropriation under this section, and only the fiscal body must approve an appropriation under this section.

SECTION 6. IC 6-1.1-12.4-2, AS AMENDED BY P.L.146-2008, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 2. (a) For purposes of this section, an increase in the assessed value of real property is determined in the same manner that an increase in the assessed value of real property is











determined for purposes of IC 6-1.1-12.1.

- (b) This subsection applies only to a development, redevelopment, or rehabilitation that is first assessed after March 1, 2005, and before March 2, 2007. Except as provided in subsection (h) and sections 4, 5, and 8 of this chapter, an owner of real property that:
 - (1) develops, redevelops, or rehabilitates the real property; and
 - (2) creates or retains employment from the development, redevelopment, or rehabilitation;

is entitled to a deduction from the assessed value of the real property.

- (c) Subject to section 14 of this chapter, the deduction under this section is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:
 - (1) two million dollars (\$2,000,000); or
 - (2) the product of:
 - (A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by

(B) the percentage from the following table:
YEAR OF DEDUCTION PERCENTAGE

OI DEDUCTION	I DICCEIVII
1st	75%
2nd	50%
3rd	25%

- (d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor, or the county assessor if there is no township assessor for the township, shall:
 - (1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and
 - (2) inform the county auditor of the deduction amount.
 - (e) The county auditor shall:
 - (1) make the deductions; and
 - (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:











- (1) a general reassessment of real property under IC 6-1.1-4-4; or
- (2) an annual adjustment under IC 6-1.1-4-4.5.
- (g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.
- (h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 7. IC 6-1.1-18-12, AS AMENDED BY P.L.146-2008, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

- (1) property tax rate or rates; or
- (2) special benefits tax rate or rates; referred to in the statutes listed in subsection (d).
- (b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.
- (c) The maximum rate must be adjusted each year to account for the change in assessed value of real property that results from:
 - (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or
 - (2) a general reassessment of real property under IC 6-1.1-4-4.
 - (d) The statutes to which subsection (a) refers are:
 - (1) IC 8-10-5-17;
 - (2) IC 8-22-3-11;
 - (3) IC 8-22-3-25;
 - (4) IC 12-29-1-1;
 - (5) IC 12-29-1-2;
 - (6) IC 12-29-1-3;
 - (7) IC 12-29-3-6;
 - (8) IC 13-21-3-12;
 - (9) IC 13-21-3-15;
 - (10) IC 14-27-6-30;
 - (11) IC 14-33-7-3;
 - (12) IC 14-33-21-5;
 - (13) IC 15-14-7-4;
 - (14) IC 15-14-9-1;
 - (15) IC 15-14-9-2;
 - (16) IC 16-20-2-18;
 - (17) IC 16-20-4-27;

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(18) IC 16-20-7-2;
(19) IC 16-22-14;
(20) IC 16-23-1-29;
(21) IC 16-23-3-6;
(22) IC 16-23-4-2;
(23) IC 16-23-5-6;
(24) IC 16-23-7-2;
(25) IC 16-23-8-2;
(26) IC 16-23-9-2;
(27) IC 16-41-15-5;
(28) IC 16-41-33-4;
(29) IC 20-46-2-3 (before its repeal on January 1, 2009);
(30) IC 20-46-6-5;
(31) IC 20-49-2-10;
(32) IC 36-1-19-1;
(33) IC 23-14-66-2;
(34) IC 23-14-67-3;
(35) IC 36-7-13-4;
(36) IC 36-7-14-28;
(37) IC 36-7-15.1-16;
(38) IC 36-8-19-8.5;
(39) IC 36-9-6.1-2;
(40) IC 36-9-17.5-4;
(41) IC 36-9-27-73;
(42) IC 36-9-29-31;
(43) IC 36-9-29.1-15;
(44) IC 36-10-6-2;
(45) IC 36-10-7-7;
(46) IC 36-10-7-8;
(47) IC 36-10-7.5-19;
(48) IC 36-10-13-5;
(49) IC 36-10-13-7;
(50) IC 36-10-14-4;
(51) IC 36-12-7-7;
(52) IC 36-12-7-8;
(53) IC 36-12-12-10; and
(54) any statute enacted after December 31, 2003, that:
   (A) establishes a maximum rate for any part of the:
     (i) property taxes; or
     (ii) special benefits taxes;
   imposed by a political subdivision; and
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(B) does not exempt the maximum rate from the adjustment



under this section.

(e) The new maximum rate under a statute listed in subsection (d) is the tax rate determined under STEP SEVEN of the following STEPS:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax or special benefits tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment takes effect.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year. STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

- (A) Zero (0).
- (B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

SECTION 8. IC 6-1.1-18-13, AS AMENDED BY P.L.219-2007, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 13. (a) The maximum property tax rate levied under IC 20-46-6 by each school corporation for the school corporation's capital projects fund must be adjusted each year to account for the change in assessed value of real property that results from:











- (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or
- (2) a general reassessment of real property under IC 6-1.1-4-4.
- (b) The new maximum rate under this section is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the school corporation for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year. STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

- (A) Zero (0).
- (B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(c) The department of local government finance shall compute the maximum rate allowed under subsection (b) and provide the rate to each school corporation.

SECTION 9. IC 6-1.1-18.5-1, AS AMENDED BY P.L.154-2006, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted







gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means the greater of:

- (1) the remainder of:
 - (A) the civil taxing unit's maximum permissible ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined under section 3 of this chapter; minus
 - (B) one-half (1/2) of the remainder of:
 - (i) the civil taxing unit's maximum permissible ad valorem property tax levy referred to in clause (A); minus
 - (ii) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year referred to in subdivision (2); or
- (2) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 10. IC 6-1.1-18.5-9.8, AS AMENDED BY P.L.219-2007, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 9.8. (a) For purposes of determining the property tax levy limit imposed on a city, town, or county under section 3 of this chapter, the city, town, or county's ad valorem property tax levy for a











particular calendar year does not include an amount equal to the lesser of:

- (1) the amount of ad valorem property taxes that would be first due and payable to the city, town, or county during the ensuing calendar year if the taxing unit imposed the maximum permissible property tax rate per one hundred dollars (\$100) of assessed valuation that the civil taxing unit may impose for the particular calendar year under the authority of IC 36-9-14.5 (in the case of a county) or IC 36-9-15.5 (in the case of a city or town); or (2) the excess, if any, of:
 - (A) the property taxes imposed by the city, town, or county under the authority of:

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IC 3-11-6-9;
IC 8-16-3;
IC 8-16-3.1;
IC 8-22-3-25;
IC 14-27-6-48;
IC 14-33-9-3;
IC 16-22-8-41;
IC 16-22-5-2 through IC 16-22-5-15;
IC 16-23-1-40;
IC 36-8-14;
IC 36-9-4-48;
IC 36-9-14;
IC 36-9-14.5;
IC 36-9-15;
IC 36-9-15.5;
IC 36-9-16;
IC 36-9-16.5;
IC 36-9-17;
IC 36-9-26;
IC 36-9-27-100;
IC 36-10-3-21; or
IC 36-10-4-36;
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that are first due and payable during the ensuing calendar year; over

- (B) the property taxes imposed by the city, town, or county under the authority of the citations listed in clause (A) that were first due and payable during calendar year 1984.
- (b) The maximum property tax rate levied under the statutes listed in subsection (a) must be adjusted each year to account for the change in assessed value of real property that results from:











- (1) an annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or
- (2) a general reassessment of real property under IC 6-1.1-4-4.
- (c) The new maximum rate under a statute listed in subsection (a) is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year. STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

- (A) Zero (0).
- (B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(d) The department of local government finance shall compute the maximum rate allowed under subsection (c) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (a).

SECTION 11. IC 6-1.1-18.5-13, AS AMENDED BY P.L.182-2009(ss), SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the department may find









that a civil taxing unit should receive any one (1) or more of the following types of relief:

- (1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the following:
 - (A) The first calendar year in which those costs are incurred.
 - (B) One (1) or more of the immediately succeeding four (4) calendar years.
- (2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:
 - (A) the cost of personal services (including fringe benefits);
 - (B) the cost of supplies; and
 - (C) any other cost directly related to the operation of the court.
- (3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and











two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property or the initial annual adjustment of the assessed value of real property under IC 6-1.1-4-4.5 does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and:

- (i) for a particular calendar year before 2007, the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or
- (ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

- (i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or
- (ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.









STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

- (4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:
 - (A) ten thousand dollars (\$10,000); or
 - (B) twenty percent (20%) of:
 - (i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus
 - (ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus
 - (iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.
- (5) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum











increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

- (6) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:
 - (A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and
- (B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4. The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.
- (7) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:
 - (A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and
 - (B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the













effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

- (8) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:
 - (A) the civil taxing unit is:
 - (i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);
 - (ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);
 - (iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);
 - (iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or
 - (v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and
 - (B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property











tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

- (9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:
 - (A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;
 - (B) that operates a county jail or juvenile detention center that is subject to an order that:
 - (i) was issued by a federal district court; and
 - (ii) has not been terminated;
 - (C) that operates a county jail that fails to meet:
 - (i) American Correctional Association Jail Construction Standards; and
 - (ii) Indiana jail operation standards adopted by the department of correction; or
 - (D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing









fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

- (11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.
- (12) Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:
 - (A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and
 - (B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city











petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter due to a natural disaster, an accident, or another unanticipated emergency.

SECTION 12. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 2. As used in this chapter, "distressed political subdivision" means a political subdivision that expects to have the political subdivision's property tax collections reduced by at least five percent (5%) in a calendar year as a result of the application of the credit one (1) or more credits under IC 6-1.1-20.6 for that calendar year.

SECTION 13. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008, SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 6. (a) For property taxes first due and payable in 2008 and thereafter, the fiscal body of a distressed political subdivision may petition the board for relief as authorized under this chapter from the application of the credit one (1) or more credits under IC 6-1.1-20.6 for a calendar year.

- (b) A petition under subsection (a) must include a proposed financial plan for the distressed political subdivision. The proposed financial plan must include the following:
 - (1) Proposed budgets that would enable the distressed political subdivision to cease being a distressed political subdivision.
 - (2) Proposed efficiencies, consolidations, cost reductions, uses of alternative or additional revenues, or other actions that would enable the distressed political subdivision to cease being a distressed political subdivision.
 - (3) Proposed increases, if any, in the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 IC 6-1.1-20.6-7.5 will apply, including any varying percentages for different classes of property.
 - (4) Proposed reductions, if any, to the credits under IC 6-1.1-20.6 IC 6-1.1-20.6-7.5 (by percentages), including any varying percentage reductions for different classes of property.
 - (5) Proposed changes, if any, in the calculation of the credit











under IC 6-1.1-20.6-8.7(c) as permitted under section 8(b)(4) of this chapter.

(c) The board may adopt procedures governing the timing and required content of a petition under subsection (a).

SECTION 14. IC 6-1.1-20.3-8, AS AMENDED BY P.L.146-2008, SECTION 207, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 8. (a) The board may authorize relief as provided in subsection (b) from the application of the credit one (1) or more credits under IC 6-1.1-20.6 for a calendar year if the governing body of each political subdivision in the county that is affected by the financial plan has adopted a resolution agreeing to the terms of the financial plan.

- (b) If the conditions of subsection (a) are satisfied, the board may, notwithstanding IC 6-1.1-20.6, do any of the following:
 - (1) Increase the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under IC 6-1.1-20.6 IC 6-1.1-20.6-7.5 applies to a person's property tax liability in the political subdivision.
 - (2) Provide for percentage reductions to credits otherwise provided under IC 6-1.1-20.6 **IC 6-1.1-20.6-7.5** in the political subdivision.
 - (3) Provide that some or all of the property taxes that:
 - (A) are being imposed to pay bonds, leases, or other debt obligations; and
 - (B) would otherwise be included in the calculation of the credit under IC 6-1.1-20.6 **IC 6-1.1-20.6-7.5** in the political subdivision;

shall not be included for purposes of calculating a person's credit under IC 6-1.1-20.6. **IC 6-1.1-20.6-7.5.**

- (4) Change the calculation of the credit under IC 6-1.1-20.6-8.7(c) so that the multiplier under that subsection is a factor different from the index factor, as defined in IC 6-1.1-20.6-8.7(b).
- (c) If the board provides relief described in subsection (b), the board shall conduct audits and reviews as necessary to determine whether the affected political subdivision is abiding by the terms of the financial plan agreed to under subsection (a).".

Page 2, delete lines 1 through 28.

Page 3, delete lines 4 through 42, begin a new paragraph and insert: "SECTION 16. IC 6-1.1-20.6-8.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 8.7. (a)** As











used in this section, "index" refers to the United States Department of Labor Consumer Price Index for all Urban Consumers.

- (b) As used in this section, "index factor" refers to the quotient of the most recently available annual average index for a calendar year divided by the annual average index for the immediately preceding calendar year.
- (c) Subject to subsections (d), (e), (f), and (j) an additional credit applies under this section for property taxes first due and payable on real property in 2011 and in each subsequent calendar year in the amount by which the property tax liability first due and payable on the real property for the current calendar year exceeds the property tax liability first due and payable on the real property for the immediately preceding calendar year multiplied by the index factor.
 - (d) Property tax liability imposed:
 - (1) on an improvement to or expansion of the real property;
 - (2) as a result of a change in use of the real property; or
 - (3) as a result of the correction of an error in the assessed value of the property;

after the assessment date for which property tax liability for the immediately preceding calendar described in subsection (c) was imposed is not considered in determining the credit granted under this section in the current calendar year.

- (e) The following are not considered for purposes of calculating a credit under this section:
 - (1) Property taxes imposed after being approved by the voters in a referendum or local public question.
 - (2) Subject to subsection (i), property taxes attributable to the elimination of or a reduction in the amount of a deduction applied to property under IC 6-1.1-12.1.
- (f) Except as provided in subsection (g), the credit under this section does not apply for property taxes first due and payable in a calendar year if one (1) or more transfers of title to the real property result in an entity being liable for the property taxes on the real property in that calendar year that is different from the entity that was liable for the property taxes on the real property in the immediately preceding calendar year.
- (g) Subsection (f) does not apply to real property that is jointly held with another owner following the removal of the joint owner if:
 - (1) the individual is the sole owner of the property following the death of the individual's spouse;











- (2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse; or
- (3) the individual is awarded sole ownership of property in a dissolution of marriage decree.
- (h) The budget agency shall annually:
 - (1) determine the index factor;
 - (2) make the index factor available on the web site maintained by the budget agency; and
 - (3) notify county auditors in writing of the index factor.
- (i) Subsection (e)(2) does not apply to a deduction if:
 - (1) the deduction applies for only one (1) year under IC 6-1.1-12.1-4(d)(1) or IC 6-1.1-12.1-4.8(i)(1) and the year of the deduction is after 2009; or
 - (2) the deduction applies under a multiple year schedule under IC 6-1.1-12.1-4(d) or IC 6-1.1-12.1-4.8(i) and the first year of the schedule is after 2009.
- (j) If one (1) or more parcels are combined, the amount of the credit under this section for the combined parcel is the sum of the credit amounts that would have applied for both or all of the combined parcels if the combination had not occurred.

SECTION 17. IC 6-1.1-30-14, AS AMENDED BY P.L.219-2007, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 14. The department of local government finance:

- (1) shall see that the property taxes due this state are collected;
- (2) shall see that the penalties prescribed under this article are enforced;
- (3) shall investigate the property tax laws and systems of other states and countries;
- (4) for assessment dates after December 31, 2008, shall conduct all ratio studies required for:
 - (A) equalization under 50 IAC 14; and
 - (B) annual adjustments under 50 IAC 21; and
- (5) may recommend changes in this state's property tax laws to the general assembly.

SECTION 18. IC 6-1.1-39-5, AS AMENDED BY P.L.146-2008, SECTION 296, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 5. (a) A declaratory ordinance adopted under section 2 of this chapter and confirmed under section 3 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. The allocation provision must apply to the











entire economic development district. The allocation provisions must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the economic development district be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units.

- (2) Except as otherwise provided in this section, part or all of the property tax proceeds in excess of those described in subdivision (1), as specified in the declaratory ordinance, shall be allocated to the unit for the economic development district and, when collected, paid into a special fund established by the unit for that economic development district that may be used only to pay the principal of and interest on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district. The amount not paid into the special fund shall be paid to the respective units in the manner prescribed by subdivision (1).
- (3) When the money in the fund is sufficient to pay all outstanding principal of and interest (to the earliest date on which the obligations can be redeemed) on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district, money in the special fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subdivision (1).
- (b) Property tax proceeds allocable to the economic development district under subsection (a)(2) must, subject to subsection (a)(3), be











irrevocably pledged by the unit for payment as set forth in subsection (a)(2).

- (c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the economic development district that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory ordinance is the lesser of:
 - (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (2) the base assessed value.
- (d) Notwithstanding any other law, each assessor shall, upon petition of the fiscal body, reassess the taxable property situated upon or in, or added to, the economic development district effective on the next assessment date after the petition.
- (e) Notwithstanding any other law, the assessed value of all taxable property in the economic development district, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
- (f) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1.
 - (g) As used in this section, "property taxes" means:
 - (1) taxes imposed under this article on real property; and
 - (2) any part of the taxes imposed under this article on depreciable personal property that the unit has by ordinance allocated to the economic development district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives.





If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under subdivision (2).

- (h) As used in this section, "base assessed value" means:
 - (1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (f); plus
 - (2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Subdivision (2) applies only to economic development districts established after June 30, 1997, and to additional areas established after June 30, 1997.

SECTION 19. IC 8-22-3.5-11, AS AMENDED BY P.L.154-2006, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 11. (a) The state board of accounts and the department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department consider appropriate for the implementation of this chapter.

- (b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value (as defined in section 9 of this chapter) one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the airport development zone's special funds under section 9 of this chapter.
- (c) After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value (as defined in section 9 of this chapter) to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the airport development zone's special funds under section 9 of this chapter.

SECTION 20. IC 36-7-14-39, AS AMENDED BY P.L.182-2009(ss), SECTION 404, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted

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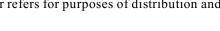
under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- (2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- (3) If:
 - (A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and
 - (B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory













resolution, as adjusted under subsection (h).

- (5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.
- (6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are









payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (B) the base assessed value; shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:
 - (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.
 - (D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.
 - (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.
 - (G) Reimburse the unit for expenditures made by it for local













public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

- (H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.
- (I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district. STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

- (J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.
- (K) Reimburse public and private entities for expenses

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incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

- (L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:
 - (i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.
 - (ii) Make any reimbursements required under this subdivision.
 - (iii) Pay any expenses required under this subdivision.
 - (iv) Establish, augment, or restore any debt service reserve under this subdivision.

The allocation fund may not be used for operating expenses of the commission.

- (3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:
 - (A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus

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the amount necessary for other purposes described in subdivision (2).

- (B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:
 - (i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
 - (ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

- (c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:
 - (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (2) the base assessed value.
- (d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).
- (e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.
- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the

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lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.
- (h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this



section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

- (i) The allocation deadline referred to in subsection (b) is determined in the following manner:
 - (1) The initial allocation deadline is December 31, 2011.
 - (2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.
 - (3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:
 - (A) terminates the automatic extension of allocation deadlines under subdivision (2); and
 - (B) specifically designates a particular date as the final allocation deadline.

SECTION 21. IC 36-7-15.1-26, AS AMENDED BY P.L.182-2009(ss), SECTION 406, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory

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resolution, as adjusted under subsection (h); plus

- (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- (2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If

- (A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and
- (B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

- (4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).
- (5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.
- (6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.











Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

- (b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:
 - (1) Except as otherwise provided in this section, the proceeds of









the taxes attributable to the lesser of:

- (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (B) the base assessed value;
- shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:
 - (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.
 - (D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are physically located in or physically connected to that allocation area.
 - (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.
 - (G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected to that allocation area.
 - (H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.













- (I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:
 - (i) in the allocation area; and
 - (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

- (J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:
 - (i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.
 - (ii) Make any reimbursements required under this subdivision.
 - (iii) Pay any expenses required under this subdivision.
 - (iv) Establish, augment, or restore any debt service reserve under this subdivision.

The special fund may not be used for operating expenses of the commission.

- (3) Before July 15 of each year, the commission shall do the following:
 - (A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus

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the amount necessary for other purposes described in subdivision (2) and subsection (g).

- (B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:
 - (i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
 - (ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

- (c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:
 - (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (2) the base assessed value.
- (d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).
- (e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.
- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or











- (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:
 - (1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.
 - (2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:
 - (A) Businesses operating in the enterprise zone.
 - (B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.
 - (3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.
- (h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of











local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

- (i) The allocation deadline referred to in subsection (b) is determined in the following manner:
 - (1) The initial allocation deadline is December 31, 2011.
 - (2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.
 - (3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:
 - (A) terminates the automatic extension of allocation deadlines under subdivision (2); and
 - (B) specifically designates a particular date as the final allocation deadline.

SECTION 22. IC 36-7-15.1-53, AS AMENDED BY P.L.182-2009(ss), SECTION 407, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as V









adjusted under subsection (h); plus

(2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

- (b) A resolution adopted under section 40 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:
 - (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or











- (B) the base assessed value;
- shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:
 - (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.
 - (D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements that are physically located in or physically connected to that allocation area.
 - (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.
 - (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.
 - (G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) that are physically located in or physically connected to that allocation area
 - (H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.
 - (I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:
 - (i) in the allocation area; and
 - (ii) on a parcel of real property that has been classified as











industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

- (3) Before July 15 of each year, the commission shall do the following:
 - (A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).
 - (B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:
 - (i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
 - (ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing











unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.
- (d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).
- (e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.
- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:











- (1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.
- (2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:
 - (A) Businesses operating in the enterprise zone.
 - (B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.
- (3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.
- (h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.
- (i) The allocation deadline referred to in subsection (b) is determined in the following manner:
 - (1) The initial allocation deadline is December 31, 2011.
 - (2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines











subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

- (3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:
 - (A) terminates the automatic extension of allocation deadlines under subdivision (2); and
 - (B) specifically designates a particular date as the final allocation deadline.

SECTION 23. IC 36-7-30-25, AS AMENDED BY P.L.146-2008, SECTION 770, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 25. (a) The following definitions apply throughout this section:

- (1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.
- (2) "Base assessed value" means:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus
 - (C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the part of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.
- (3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.
- (b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the

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purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (B) the base assessed value; shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:
 - (A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.
 - (C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.
 - (D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.
 - (E) For property taxes first due and payable before 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in













IC 6-1.1-1-20) that contains all or part of the allocation area: STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district. STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter (before its repeal) in the same year.

- (F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation area or directly serving or benefiting the allocation area.
- (G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:
 - (i) in the allocation area; and
 - (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each









year the reuse authority shall do the following:

- (A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).
- (B) Provide a written notice to the county auditor, the fiscal body of the unit that established the reuse authority, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:
 - (i) state the amount, if any, of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or
 - (ii) state that the reuse authority has determined that there are no excess property tax proceeds that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess property tax proceeds determined by the reuse authority. The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision before 2009 are eligible for the property tax replacement credit provided under IC 6-1.1-21.

- (c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:
 - (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (2) the base assessed value.
- (d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).
- (e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated











upon or in or added to the allocation area, effective on the next assessment date after the petition.

- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.
- (h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed











value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 24. IC 36-7-30.5-30, AS AMENDED BY P.L.146-2008, SECTION 772, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 30. (a) The following definitions apply throughout this section:

- (1) "Allocation area" means that part of a military base development area to which an allocation provision of a declaratory resolution adopted under section 16 of this chapter refers for purposes of distribution and allocation of property taxes.
- (2) "Base assessed value" means:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment to the declaratory resolution, as finally determined for any subsequent assessment date; plus (C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- (3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.
- (b) A declaratory resolution adopted under section 16 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with











respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 18 of this chapter. The allocation provision may apply to all or part of the military base development area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (B) the base assessed value; shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the development authority and, when collected, paid into an allocation fund for that allocation area that may be used by the development authority and only to do one (1) or more of the following:
 - (A) Pay the principal of and interest and redemption premium on any obligations incurred by the development authority or any other entity for the purpose of financing or refinancing military base development or reuse activities in or directly serving or benefitting that allocation area.
 - (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the development authority, including lease rental revenues.
 - (C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.
 - (D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefitting that allocation area.
 - (E) For property taxes first due and payable before 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the development authority. This credit equals the amount determined under the













following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district. STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; by
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 32 of this chapter (before its repeal) in the same year.

- (F) Pay expenses incurred by the development authority for local public improvements or structures that were in the allocation area or directly serving or benefitting the allocation area.
- (G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:
 - (i) in the allocation area; and
 - (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

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The allocation fund may not be used for operating expenses of the development authority.

- (3) Except as provided in subsection (g), before July 15 of each year the development authority shall do the following:
 - (A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).
 - (B) Provide a written notice to the appropriate county auditors and the fiscal bodies and other officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:
 - (i) state the amount, if any, of the excess property taxes that the development authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or
 - (ii) state that the development authority has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditors shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the development authority. The development authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 24 of this chapter. Property taxes received by a taxing unit under this subdivision before 2009 are eligible for the property tax replacement credit provided under IC 6-1.1-21.

- (c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:
 - (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
 - (2) the base assessed value.
- (d) Property tax proceeds allocable to the military base development district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base development district for











payment as set forth in subsection (b)(2).

- (e) Notwithstanding any other law, each assessor shall, upon petition of the development authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.
- (f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:
 - (1) the assessed value of the property as valued without regard to this section; or
 - (2) the base assessed value.
- (g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the development authority shall create funds as specified in this subsection. A development authority that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. The development authority shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A development authority that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The development authority that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or for other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to an allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The

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programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base development district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the military base development district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base development district under subsection (b)(2) than would otherwise have been received if the general reassessment or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 25. IC 36-7-32-19, AS AMENDED BY P.L.154-2006, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 19. (a) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department of local government finance consider appropriate for the implementation of an allocation area under this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the certified technology park fund under section 17 of this chapter. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the certified technology park fund under section 17 of this chapter."

Page 4, delete lines 1 through 8.

Renumber all SECTIONS consecutively.

(Reference is to HB 1004 as printed January 5, 2010.)

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